

The City Council of the City of Mattoon held a regular meeting in the City Hall Council Chambers on October 4, 2011.

Mayor Gover presided and called the meeting to order at 6:30 p.m.

Mayor Gover led the Pledge of Allegiance.

The following members of the Council answered roll call physically present: YEA Commissioner Bob Becker, Absent Commissioner Randy Ervin, YEA Commissioner Rick Hall, YEA Commissioner Chris Rankin, YEA Mayor Tim Gover.

Also physically present were City personnel: City Administrator Sue McLaughlin, Attorney & Treasurer J. Preston Owen, Community Development Coordinator Kyle Gill, Public Works Director Dean Barber, Deputy Police Chief Jason Taylor, and City Clerk Susan O'Brien.

Mayor Gover seconded by Commissioner Hall moved to permit the electronic attendance of Commissioner Ervin due to employment purposes.

Mayor Gover opened the floor for discussion with no responders.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, Absent Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Commissioner Ervin attended the meeting at 6:31 p.m.

Mayor Gover seconded by Commissioner Becker moved to approve the consent agenda consisting of minutes of the regular meeting September 20, 2011; Fire & Police Pension reports for the month of August, 2011; bills and payroll for the last half of September, 2011.

#### **Bills and Payroll for the last half of September, 2011**

##### **General Fund**

Payroll		\$ 252,311.49
Bills		<u>\$ 93,717.69</u>
	Total	\$ 346,029.18

##### **Hotel Tax Fund**

Payroll		\$ 2,033.39
Bills		<u>\$ 1,121.20</u>
	Total	\$ 3,154.59

##### **Festival Management Fund**

Bills		<u>\$ 35.28</u>
	Total	\$ 35.28

##### **Insurance & Tort Judgment**

Bills		<u>\$ 125.00</u>
	Total	\$ 125.00

##### **Midtown TIF Fund**

Bills		<u>\$ 2,248.40</u>
	Total	\$ 2,248.40

##### **Capital Project Fund**

Bills		<u>\$ 11,611.87</u>
	Total	\$ 11,611.87

**Water Fund**

Payroll		\$	31,515.56
Bills		\$	<u>38,477.23</u>
	Total	\$	69,992.79

**Sewer Fund**

Payroll		\$	42,999.13
Bills		\$	<u>21,716.42</u>
	Total	\$	64,715.55

**Motor Fuel Tax Fund**

Bills		\$	<u>6,023.37</u>
	Total	\$	6,023.37

**Health Insurance Fund**

Bills		\$	<u>105,286.53</u>
	Total	\$	105,286.53

Mayor Gover opened the floor for discussion with no responders.

Mayor Gover declared the motion to approve the consent agenda carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

**PRESENTATIONS, PETITIONS & COMMUNICATIONS**

- Public comments/presentations and non-agenda items

Mayor Gover opened the floor for public comments or questions other than topics to be covered later in the meeting with no responders.

PRESENTATION: Mayor Gover presented Merle Lowry a plaque acknowledging and expressing gratitude for his 51 years service on various boards of the City of Mattoon.

PRESENTATION OF AUDIT – West & Company – Mr. Brian Daniell with Mrs. Heather Wolke of West & Company presented an overview of the City's 2010/2011 Audit. Mr. Daniell with input from Attorney & Treasurer Owen and Administrator McLaughlin reviewed the revenues; expenditures; water and sewer funds while noting a cash loss of funds in the water fund, stating the necessity of a water rate study, and noting the sewer fund cash level, and water debt. Mr. Daniell opened the floor for questions. Attorney & Treasurer Owen stated the water & sewer funds need to be discussed at the next strategic planning session. Commissioner Rankin inquired as to paying off the debt with Attorney & Treasurer Owen noting the timeframe for the loan and reason for refunding the current bond. Mayor Gover opened the floor for further inquiries from the Council or public with no responders. Mr. Daniell thanked Finance for their assistance. Mayor Gover thanked Mr. Daniell for the report.

Mayor Gover noted the grand opening of Petsmart on Saturday.

DISCUSSION: Amending Chapter 114 of the Mattoon Code of Ordinances to regulate liquor. Mayor Gover opened discussion on possible changes to the liquor ordinance, noting the discussion was for input from the Council and audience tonight. Administrator McLaughlin lead the discussion on the background of the changes, reviewed the increases in number of licenses issued, fees increase, initial fee for new license, adult entertainment regulation provisions, prohibited licenses, depot license, wine tasting, drive-up windows, insurance specifications, zoning, hours, restricted downtown numbers, and noted the discussion was a work-in-progress.

Mayor Gover opened the floor for comments from the public. Mrs. Barb Beals and Mr. Jerry Beals of Castle Inn addressed their concerns over the increase in fees, club issues, special events' opportunities, requested postponement of fee increases until gambling machines could return to the taverns, and voiced concern over the Sunday extension. Mr. Rob Patterson inquired as to the BY license, which Administrator McLaughlin explained the "corkage license" was removed prior to the meeting, and questioned the premise expansion fee. Mr. Mike Dunning of Spanky's voiced concern over the increase in the number of issued licenses and the increased fees for transferring or selling the business. Ms. Bobbi Pendergast of Pat's Lounge voiced concern over the tavern license increase, Sunday sales, drinking and driving issues, request for liquor license

holder meetings to resume as in the past, and notices to the current license holders when liquor licenses are up for discussion. Mr. Russ Jabbs of Custom Smokehouse voiced concern over the value of their licenses if additional licenses were permitted. Mr. Don Dow of the Ice House voiced the same concern as Mr. Jabbs. Mr. David Paul of Toasters requested additional hours of operation to 2 a.m. to offset the increase in fee. Mayor Gover called for further questions and opened the floor for the Council comments. Commissioners Hall and Ervin commented on the concerns of the license holders and noted the input was good. Mayor Gover expressed appreciation of the license holders in attendance and announced further discussion to be held at the next Council meeting.

#### **NEW BUSINESS:**

Mayor Gover seconded by Commissioner Rankin moved to approve Council Decision Request 2011-1264, approving the Public Works Advisory Board appointments of Cheryl Sweet and Terry Brotherton with terms of 12/31/2013 and 12/31/2012 respectively. These appointments are replacements for Merle Lowry and Joe McKenzie, who resigned.

Mayor Gover opened the floor for discussion with no responders.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Mayor Gover seconded by Commissioner Becker moved to approve Council Decision Request 2011-1265, approving the promotion of Officer Travis Easton to the rank of Sergeant in the Mattoon Police Department effective October 8, 2011.

Mayor Gover opened the floor for discussion with no responders.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Commissioner Ervin seconded by Commissioner Hall moved to adopt Ordinance 2011-5326, authorizing the issuance of General Obligation Waterworks Refunding Bonds (Alternate Revenue Source), Series 2011, of the City of Mattoon, Coles County, Illinois, providing the details of such bonds and for alternate revenue sources and the levy of direct annual taxes sufficient to pay the principal of and interest on such bonds and related matters.

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### **CITY OF MATTOON, ILLINOIS**

#### **ORDINANCE NO. 2011-5326**

#### **AN ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION WATERWORKS REFUNDING BONDS (ALTERNATE REVENUE SOURCE), SERIES 2011, OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS, PROVIDING THE DETAILS OF SUCH BONDS AND FOR ALTERNATE REVENUE SOURCES AND THE LEVY OF DIRECT ANNUAL TAXES SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH BONDS, AND RELATED MATTERS**

**WHEREAS**, the City of Mattoon, Coles County, Illinois (the **"Issuer"**), is a non-home rule municipality duly established and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes, as supplemented and amended, the **"Illinois Municipal Code"**), presently operates a separate waterworks system (the **"System"**) under Section 11-129-1 *et seq.* of the Illinois Municipal Code (the **"Waterworks Revenue Source Act"**) and is entitled to receive a certain distributive revenue share of proceeds from State of Illinois incomes taxes (such distributive share referred to herein as the **"Revenue Sharing Receipts"**) imposed by the State of Illinois pursuant to the Illinois Income Tax Act and distributed to the State Revenue Sharing Act; and

**WHEREAS**, to refinance certain System facilities, improvements and costs (the **"Prior Project"**), pursuant to Ordinance No. 96-4863, adopted August 6, 1996 (the **"1996 Ordinance"**) the Issuer issued \$2,920,000 initial principal amount General Obligation Waterworks Bonds (Alternate Revenue Source), Series 1996 (to the extent refunded, the **"1996 Bonds"**), which were refunded on April 8, 2003 with proceeds from \$6,180,000 initial principal amount General Obligation Waterworks Refunding Bonds (Alternate Revenue Source), Series 2003 (the **"2003 Bonds"** or **"Prior Bonds"**), dated March 15, 2003, with First Mid-Illinois Bank & Trust, N.A. as bond registrar and paying agent (the **"Prior Bond Registrar"** and **"Prior Paying Agent"**), under Special Ordinance No. 2003-928, adopted March 18, 2003 (the **"2003 Ordinance"** or **"Prior**

**Ordinance”**), which Prior Bonds the Issuer intends to currently refund and retire, pursuant to a deposit of sufficient funds (cash and/or certain securities, a **“Refunding Deposit”**) with the Prior Paying Agent and Prior Bond Registrar; and

**WHEREAS**, in connection with the estimated costs of refunding the Prior Bonds (the **“Refunding”**), including related costs and other expenses, costs thereof are to be paid from alternate revenue sources: (i) System revenues and Revenue Sharing Receipts on deposit, or to be deposited, in the debt service account for the Prior Bonds and (ii) proceeds of the hereinafter described alternate bonds, being general obligation in lieu of revenue bonds as authorized by Section 15 of the Local Government Debt Reform Act, but nevertheless such Refunding is expected to be paid from revenues of the System and Revenue Sharing Receipts, rather than by any levy of taxes, and any balance from other available funds; and

**WHEREAS**, the Issuer has insufficient funds to pay the costs of the Refunding and, therefore, must borrow money and issue general obligation waterworks bonds (alternate revenue source) under this ordinance in evidence thereof up to the aggregate principal amount set forth above for such purposes; and

**WHEREAS**, pursuant to and in accordance with the Illinois Municipal Code and the provisions of Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes), as supplemented and amended, and this ordinance, as supplemented, the Issuer is authorized to issue its General Obligation Waterworks Refunding Bonds (Alternate Revenue Source), Series 2011, up to the aggregate principal amount of \$2,750,000 (the **“Bonds”**), for the purpose of providing funds to refund the Prior Bonds and pay related costs and expenses; and

**WHEREAS**, in connection with the offering of the Bonds, as described in the Preliminary Official Statement therefore (as prepared by the Issuer’s financial advisor, Speer Financial, Inc., Chicago, Illinois (the **“Financial Advisor”**)), in preliminary form and completed and supplemented to be final, the **“Official Statement”**), as supplemented from time to time, including by the Issuer’s Continuing Disclosure Certificate and Agreement (the **“Disclosure Agreement”**) under Rule 15c2-12 of the Securities and Exchange Commission (**“Rule 15c2-12”**) the Issuer has received a proposed Bond purchase agreement (when fully executed to constitute the **“Purchase Agreement”**) from Bernardi Securities, Inc., Chicago, Illinois, as underwriter (the **“Purchaser”**), as arranged by the Financial Advisor; and

**WHEREAS**, for convenience of reference only this ordinance is divided into numbered sections with headings, which shall not define or limit the provisions hereof, as follows:

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**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS**, as follows:

**Section 1. Definitions.** Certain words and terms used in this ordinance shall have the meanings given them herein, including above in the preambles hereto, and the meanings given them in this Section 1, unless the context or use clearly indicates another or different meaning is intended. Certain definitions are as follows:

**“Act”** means, collectively, the Local Government Debt Reform Act (Section 350/1 et seq. of Chapter 30 (and particularly Section 350/15 thereof) of the Illinois Compiled Statutes and the Illinois Municipal Code, as supplemented and amended, including, without limitation, by the Registered Bond Act, the Illinois Bond Replacement Act and the Bond Authorization Act.

**“Alternate Bonds”** means **“alternate bonds”** as described in Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes).

**“Arbitrage Regulation Agreement”** means, as applicable to the Bonds, the Issuer’s Arbitrage Regulation Agreement in connection with, among other things, arbitrage rebate under Section 148(f)(2) of the Code and Yield Reduction Payments.

**“BDSF”** or **“bona fide service fund”** means a fund, which may include proceeds of an issue, that (1) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year (i.e. each December 2 to December 1 annual period); and (2) Is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the principal and interest payments on the issue for the immediately preceding bond year.

**“Bond”** or **“Bonds”** means the Issuer’s \$2,750,000 maximum aggregate principal amount General Obligation Waterworks Refunding Bonds (Alternate Revenue Source), Series 2011, authorized to be issued by this ordinance.

**“Bond Order”** shall have the meaning in Section 3(a).

**“Code”** means the Internal Revenue Code of 1986, as amended, and includes related and applicable Income Tax Regulations promulgated by the Treasury Department.

**“Corporate Authorities”** means the City Council of the Issuer.

**“Disclosure Agreement”** means the Issuer’s Continuing Disclosure Certificate and Agreement under Rule 15c2-12 related to the Bonds.

**“Financial Advisor”** means the Issuer’s financial advisor related to the Bonds, Speer Financial, Inc., Chicago, Illinois.

**“Fiscal Year”** means the twelve-month period constituting the Issuer’s fiscal year, not inconsistent with applicable law.

**“Future Bond Ordinances”** means the ordinances of the Issuer authorizing the issuance of revenue bonds payable from Pledged Revenues, but not including this ordinance or any other ordinance authorizing the issuance of alternate bonds.

**“Gross Revenues”** means all receipts of fees, charges and rates and all other income from whatever source derived from the System, including: (i) investment income; (ii) connection, permit and inspection fees and the like; and (iii) penalties and delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like; and (v) annexation or pre-annexation charges insofar as designated by the Corporate Authorities as paid for System connection or service; but excluding expressly (a) nonrecurring income from the sale of real estate; (b) governmental or other grants; (c) advances or grants made to or from the Issuer; (d) capital development, reimbursement, or recovery charges and the like; (e) annexation or pre-annexation charges; and (f) as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

**“Insurer”** shall have the meaning in Section 3(a).

**“Issuer”** means the City of Mattoon, Coles County, Illinois.

**“Net Revenues”** means, with respect to the System, Gross Revenues minus Operation and Maintenance Expenses.

**“Operation and Maintenance Expenses”** means all expenses of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance, purchase of System services (including all payments by the Issuer pursuant to long term contracts for such services) and all reasonable administrative fees and expenses; but excluding debt service, depreciation, or any reserve requirements; and any costs of extending or enlarging the System or engineering expenses in anticipation thereof or in connection therewith; and otherwise as determined in accordance with generally accepted accounting principles for municipal enterprise funds.

**“Outstanding Bonds”** means the Bonds, other Alternate Bonds and Parity Bonds which are outstanding and unpaid; provided, however, such term shall not include the Bonds, Parity Bonds or other Alternate Bonds: (i) which have matured and for which moneys are on deposit with proper paying agents, or are otherwise properly available, sufficient to pay all principal and interest thereof, or (ii) the provision for payment of which has been made by the Issuer by the deposit in an irrevocable trust or escrow or deposit of funds or direct, full faith and credit obligations of the United States of America, the principal and interest of which will be sufficient to pay at maturity or as called for redemption all the principal of and applicable premium on such Bonds, other Alternate Bonds and Parity Bonds and will not result in the loss of the exclusion from gross income of the interest thereon under Section 103 of the Code.

**“Parity Bonds”** means bonds or any other obligations to be issued subsequent in time to the Bonds and which will share ratably and equally in one or more of the sources of the Pledged Revenues with the Bonds and other Alternate Bonds and either qualify as Alternate Bonds or if revenue bonds do not adversely affect the Alternate Bond qualification of the Bonds.

**“Pledged Revenues”** means Net Revenues of the System, constituting **“enterprise revenues”** under the Local Government Debt Reform Act and Revenue Sharing Receipts constituting a **“revenue source”** under the Local Government Debt Reform Act.

**“Pledged Subaccount”** shall have the meaning in Section 12(e).

**“Pledged Taxes”** means the ad valorem property taxes levied without limit as to rate or amount to pay when due the debt service on the Bonds.

**“Policy”** shall have the meaning in Section 3(a).

**“Prior Bonds”** and **“Prior Bond Ordinance”** each shall have the meaning set forth above in the recitals in the preamble to this ordinance.

**“Prior Project”** means the acquisition, construction and installation of System improvements, facilities and costs refinanced by the Prior Bonds.

**“Purchase Agreement”** means the Bond purchase contract to be entered into by and between the Issuer and the Purchaser in connection with the Bonds.

**“Purchaser”** means the initial purchaser and underwriter in connection with the Bonds.

**“Qualified Investments”** means, subject to any applicable restrictions or limitations, including with respect to an Insurer’s Policy, legal investments of the Issuer under applicable law.

**“Refunding”** shall have the meaning set forth above in the recitals in the preamble to this ordinance.

**“Refunding Agreement”** means, if any, as specified in a Bond Order, an escrow, deposit or other refunding agreement by and between the Issuer and an escrow, deposit or other refunding agent (the **“Refunding Agent”**), concerning the funding of an escrow, deposit or refunding account (the **“Refunding Account”**), thereunder for redemption of Prior Bonds.

**“Refunding Deposit”** means the cash and/or investments to be held in a Refunding Account for the Refunding.

**“Rule 15c2-12”** shall have the meaning set forth above in the recitals in the preamble to this ordinance.

**“Yield”** or **“yield”** means yield computed under Section 1.148-4 of the Income Tax Regulations for the Bonds, and yield computed under Section 1.148-5 of the Income Tax Regulations for an investment.

“Yield Reduction Payments” or “yield reduction payments” shall have the meaning in Income Tax Regulations Section 1.3148-5(c).

“Yield Restricted” or “yield restricted” with reference to an obligation means that the yield thereon is restricted not to exceed the yield on the Bonds.

**Section 2. Authority and Purpose.** This ordinance is adopted pursuant to the Constitution and applicable laws of the State of Illinois, including the Act, for the purpose of refinancing the Prior Project by refunding the Prior Bonds, and related costs and expenses.

**Section 3. Authorization and Terms of Bonds.** To meet all or a part of the estimated costs of refunding the Prior Bonds and related costs, there is hereby to be applied a sum of up to \$2,750,000, to be derived from the proceeds of the Bonds. For the purpose of financing all or a part of such Refunding, Bonds of the Issuer shall be issued and sold in the aggregate principal amount set forth above, shall each be designated “**General Obligation Waterworks Refunding Bond (Alternate Revenue Source), Series 2011**”, and shall be issuable in the denomination of \$5,000 each or any authorized integral multiple thereof. The Bonds shall be and constitute Alternate Bonds and are “**general obligation bonds**”.

(a) **General Terms.** The Bonds shall be numbered consecutively from 1 upwards in order of their issuance and may bear such identifying numbers or letters as shall be useful to facilitate the registration, transfer and exchange of the Bonds. As specified in a Bond Order to authenticate the Bonds the Bonds shall be dated as of or before the date or dates of the issuance and delivery thereof and acceptable to the Purchaser. The Bonds are hereby authorized to bear interest at the rates percent per annum (taking into account reoffering premium, not to exceed a yield of 5.0%) and shall mature annually in the principal amount on December 1 of the years commencing on or after 2012 and ending on or before 2015, as shall be specified in a Bond Order (as defined below).

Each Bond shall bear interest from its date, or from the most recent interest payment date to which interest has been paid, computed on the basis of a 360-day year consisting of twelve 30-day months, and payable in lawful money of the United States of America semiannually on each June 1 and December 1, commencing June 1, 2012, at the rate or rates percent per annum herein provided for, by check or draft mailed by the Paying Agent on applicable funds to the registered owners of record as of the close of business on the fifteenth (15<sup>th</sup>) day (whether or not a business day) of the calendar month next preceding such interest payment date, at the address of such registered owners appearing on the registration books maintained for such purpose at the designated corporate trust office of the Bond Registrar. The Issuer shall provide sufficient moneys to the Paying Agent to pay the principal of and interest on the Bonds at least two business days of the Issuer prior to each June 1 and December 1. The Bonds shall bear interest at such rates and mature in the principal amount in each year, but not exceeding \$2,750,000 in the aggregate, and have such other terms and provisions, as set forth in a Bond Order. For purposes of the foregoing and otherwise in this ordinance, the term “**Bond Order**” shall mean a certificate signed by the Mayor, and attested by the City Clerk and under the seal of the Issuer, setting forth and specifying details of the Bonds, including, as the case may be, but not limited to, principal amount (not to exceed \$2,750,000), identification of the Bond Registrar and/or Paying Agent and/or Refunding Agent and/or other fiscal agents, and the issuer (the “**Insurer**”) of a bond insurance policy or other credit facility securing payment of the Bonds (a “**Policy**”), specification of Refunding savings (reasonably expected to be approximately 2% net present value), specification of a Refunding Deposit and/or Refunding Account to be funded for the Refunding, payment dates, call dates, final interest rates, original issue discount (“**OID**”), reoffering premium, optional and mandatory call provisions, priority with respect to other bonds, and the final maturity schedule. The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated payment office of the financial institution designated in this ordinance to act as the Paying Agent for the Bonds (including its successors, the “**Paying Agent**”). Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the financial institution designated in this ordinance to act as Bond Registrar on behalf of the Issuer for such purpose (including its successors, the “**Bond Registrar**”), at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15<sup>th</sup>) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date. Interest on the Bonds shall be paid by check or draft mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books.

(b) **Redemption.** The Bonds are subject to redemption, if at all, as follows:

(i) **Optional.** Unless otherwise specified in a Bond Order, the Bonds shall not be subject to optional redemption prior to maturity. Only as specified in a Bond Order, and not otherwise Bonds are subject to redemption prior to maturity at the option of the Issuer in whole or in part on any date on and after the date specified in a Bond Order at a redemption price equal to the principal amount to be redeemed plus accrued interest to the redemption date, less than all of the Bonds of a single maturity to be selected by lot as the Bond Registrar determines, on the applicable redemption date and at a redemption price equal to the principal amount to be so redeemed, plus accrued interest to the redemption date.

(ii) **Mandatory Redemption.** Bonds maturing on December 1 of the year or years specified in a Bond Order as Term Bond are Term Bonds (collectively, the “**Term Bonds**”), and are subject to mandatory sinking fund redemption in the principal amount on December 1 of the years as specified, and not otherwise.

At its option before the 45th day (or such lesser time acceptable to the Bond Registrar) next preceding any mandatory sinking fund redemption date in connection with Term Bonds the Issuer by furnishing the Bond Registrar and the Paying Agent as appropriate certificate of direction and authorization executed by the Mayor or City Administrator or City Treasurer may: (i) deliver to the Bond Registrar for cancellation Term Bonds in any authorized aggregate principal amount desired; or (ii) furnish the Paying Agent funds for the purpose of purchasing any of such Term Bonds as arranged by the Issuer; or (iii) received a credit (not previously given) with respect to the mandatory sinking fund redemption obligation for such Term Bonds which prior to such date have been redeemed and cancelled. Each such Bond so delivered, previously purchased or redeemed shall be credited at 100% of the principal amount thereof, and any excess shall be credited with regard to future mandatory sinking fund redemption obligations for such Bonds in chronological order, and the principal amount of Bonds to be so redeemed as provided shall be accordingly reduced. In the event Bonds being so redeemed are in a denomination greater than \$5,000, a portion of such Bonds may be so redeemed, but such portion shall be in the principal amount of \$5,000 or any authorized integral multiple thereof.

(iii) **Procedure.** The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) shall notify the Bond Registrar of such redemption date and of the principal amount of Bonds to be redeemed. No such notice shall be required under (ii). For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected at least thirty (30) days prior to the redemption date by the Bond Registrar from the outstanding Bonds of the longest maturity or maturities by such method as the Bond Registrar shall deem fair and appropriate and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

The Bond Registrar shall promptly notify the Issuer in writing of the Bonds or portion of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the registered owner or owners of the Bonds to be redeemed, presentment being deemed conclusively a waiver, notice of the call for any such redemption shall be given by the Bond Registrar on behalf of the Issuer by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner or owners of the Bond or Bonds to be redeemed at the addresses shown on the Bond Register or at such other address as is furnished in writing by such registered owner or owners to the Bond Registrar.

All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts in integral multiples of \$5,000) of the Bonds to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and, upon the deposit of funds therefor with the Paying Agent, that interest thereon shall cease to accrue from and after such redemption date, and
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Paying Agent.

Prior to any redemption, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall on the redemption date become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall not have sufficient funds so on deposit for the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with the notice therefor, such Bonds shall be paid by the Paying Agent at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner thereof an new Bond or Bonds of the same maturity in the amount of the unpaid principal.



Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Upon surrender of such Bonds for redemption in accordance with such notice, such Bonds shall be paid by the Paying Agent at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

In addition to the foregoing notice, further notice shall be given by the Bond Registrar on behalf of the Issuer as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus: (a) the CUSIP numbers or other identifying number of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption may be sent at least thirty (30) days before the redemption date to each securities depository then holding any of the Bonds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP or other identifying number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

As part of their respective duties hereunder, the Bond Registrar and Paying Agent shall prepare and forward to the Issuer a statement as to notice given with respect to each redemption together with copies of the notices as mailed.

(c) **Transfer.** The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the calendar month preceding any interest payment date to such interest payment date, or to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, or during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

(d) **Parity Bonds.** Parity Bonds may be issued pursuant to the terms as may be determined at the time of authorization thereof.

**Section 4. Related Agreements and Official Statement.** The Purchase Agreement, Arbitrage Regulation Agreement, a Refunding Agreement, if any, and the Issuer's Official Statement in connection with the Bonds, in substantially the forms customarily used in transactions such as the Refunding and the Bonds shall be and are hereby authorized and approved. The Official Statement presented at this meeting is authorized and approved with any appropriate revisions. All things done with respect to the preparation of an Official Statement and by the Issuer's Mayor, City Administrator, City Clerk, City Treasurer, City Attorney, and other officers, in connection with the issuance and sale of the Bonds, shall be and are hereby in all respects authorized and approved. The Mayor, City Administrator, City Clerk, City Treasurer, City Attorney and other officials of the Issuer are hereby authorized and directed to do and perform, or cause to be done or performed for or on behalf of the Issuer, each and every thing necessary for the issuance of the Bonds, including the proper execution, delivery and performance of, as applicable, the Purchase Agreement, Disclosure Agreement, Arbitrage Regulation Agreement, and Refunding Agreement, and related instruments and certificates, by the Issuer and the purchase by and delivery of the Bonds to or at the direction of the Purchaser. No elected or appointed officer of the Issuer is in any manner interested, directly or indirectly, in his or her own name or in the name of any other person, association, trust or corporation in the Purchase Agreement.

The Purchaser is hereby authorized to pay for the Bonds in whole or in part, as the case may be, and receive a credit therefore against the purchase price for the Bonds, by funding and paying costs of issuance of the Bonds and funding the applicable Refunding Deposit and/or Refunding Account, from Bond proceeds. The Issuer shall apply funds in the debt service account for the Prior Bonds to the Refunding Account and/or Refunding Account and to debt service on the Bonds as provided in a Bond Order. The Issuer hereby authorizes the use of the Official Statement related to offering the Bonds for sale.

**Section 5. Execution and Authentication.** Each Bond shall be executed in the name of the Issuer by the manual or authorized facsimile signature of its Mayor and the corporate seal of the Issuer, or a facsimile thereof, shall be thereunto affixed, impressed or otherwise reproduced or placed thereon and attested by the manual or authorized facsimile signature of its City Clerk. Temporary Bonds, preliminary to the availability of Bonds in definitive form, shall be and are hereby authorized and approved.

In case any officer whose signature, or a facsimile of whose signature, shall appear on any Bond shall cease to hold such office before the issuance of such Bond, such Bond shall nevertheless be valid and sufficient for all purposes, the same as if the person whose signature, or a facsimile thereof, appears on such Bond had not ceased to hold such office. Any Bond may be signed, sealed or attested on behalf of the Issuer by any person who, on the date of such act, shall hold the proper office, notwithstanding that at the date of such Bond such person may not hold such office. No recourse shall be had for the payment of any Bonds against the Mayor or any member of the City Council or any officer or employee of the Issuer (past, present or future) who executes the Bonds, or on any other basis.

Each Bond shall bear thereon a certificate of authentication executed manually by the Bond Registrar. No Bond shall be entitled to any right or benefit under this ordinance or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Bond Registrar. Such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

**Section 6. Transfer, Exchange and Registration.** The Bonds shall be negotiable, subject to the provisions for registration of transfer contained herein.

**(a) General.** Each Bond shall be transferable only upon the registration books maintained by the Bond Registrar on behalf of the Issuer for that purpose at the principal corporate trust office of the Bond Registrar by the registered owner thereof in person or by such registered owner's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner or such registered owner's duly authorized attorney. Upon the surrender for transfer of any such Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver a new Bond or Bonds registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered Bond. Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar, with a written instrument satisfactory to the Bond Registrar, duly executed by the registered owner or such registered owner's attorney duly authorized in writing, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate and of the denomination of \$5,000 each or any authorized integral multiple thereof, less previous retirements.

For every such exchange or registration of transfer of Bonds, the Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. No other charge shall be made for the privilege of making such transfer or exchange. The provisions of the Illinois Bond Replacement Act shall govern the replacement of lost, destroyed or defaced Bonds.

The Issuer, the Paying Agent and the Bond Registrar may deem and treat the person in whose name any Bond shall be registered upon the registration books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, premium, if any, or interest thereon and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon such registered owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium (if any) or interest on any Bond shall be made only to or

upon the order of the registered owner thereof or such registered owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the Issuer or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds exchanged in the case of the issuance of a Bond or Bonds for the outstanding portion of a Bond surrendered for redemption.

The Mayor or City Administrator or City Treasurer may, in his or her discretion at any time, designate a bank with trust powers or trust company, duly authorized to do business as a bond registrar, paying agent, or both, to act in one or both such capacities hereunder, in the event the Mayor or City Administrator or City Treasurer shall determine it to be advisable. Notice shall be given to the registered owners of any such designation in the same manner, as near as may be practicable, as for a notice of redemption of Bonds, and as if the date of such successor taking up its duties were the redemption date.

The execution by the Issuer of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall hereby be authorized to authenticate, date and deliver such Bond; provided, however, the principal amount of Bonds of each maturity authenticated by the Bond Registrar shall not at any one time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been retired.

**(b) Book-Entry-Only Provisions.** Unless otherwise provided in a Bond Order, the Bonds shall be issued in the form of a separate single fully registered Bond of each series for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register therefor in a street name (initially "**Cede & Co.**" for DTC) of the securities depository (the "**Depository**", initially The Depository Trust Company of New York, New York ("**DTC**"), or any successor thereto), as nominee of the Depository. The outstanding Bonds from time to time may be registered in the Bond Register in a street name, as nominee of the Depository. The Mayor or City Administrator or City Treasurer is authorized to execute and deliver on behalf of the Issuer such letters to or agreements with the Depository as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the "**Representation Letter**"). Without limiting the generality of the authority given to the Mayor or City Administrator or City Treasurer with respect to entering into such Representation Letter, it may contain provisions relating to **(a)** payment procedures, **(b)** transfers of the Bonds or of beneficial interest therein, **(c)** redemption notices and procedures unique to the Depository, **(d)** additional notices or communications, and **(e)** amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices.

With respect to Bonds registered in the Bond Register in the name of a nominee of the Depository, the Issuer and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "**Depository Participant**") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds (sometimes referred to as an "**Indirect Participant**" or "**Beneficial Owner**"). Without limiting the meaning of the foregoing, the Issuer and the Bond Registrar shall have no responsibility or obligation with respect to **(a)** the accuracy of the records of the Depository, the nominee, or any Depository Participant or Indirect Participant or Beneficial Owner with respect to any ownership interest in the Bonds, **(b)** the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or **(c)** the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds.

As long as the Bonds are held in a book-entry-only system, no person other than the nominee of the Depository, or any successor thereto, as nominee for the Depository, shall receive a Bond certificate with respect to any Bonds. Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new nominee in place of the prior nominee, and subject to the provisions hereof with respect to the payment of interest to the registered owners of Bonds as of the close of business on the fifteenth (15th) day (whether or not a business day) of the month next preceding the applicable interest payment date, the reference herein to nominee in this ordinance shall refer to such new nominee of the Depository.

In the event that **(a)** the Issuer determines that the Depository is incapable of discharging its responsibilities described herein and in the Representation Letter, **(b)** the agreement among, as applicable, the Issuer, the Bond Registrar, the Paying Agent and the Depository evidenced by the Representation Letter shall be terminated for any reason or **(c)** the Issuer determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall notify the Depository and the Depository Participants (if known to the Issuer) of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of a nominee of the

Depository. At that time, the Issuer may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a book-entry system, as may be acceptable to the Issuer, or such depository's agent or designee, and if the Issuer does not select such alternate book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof. Notwithstanding any other provision of this ordinance to the contrary, so long as any Bond is registered in the name of a nominee of the Depository, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

(c) **Designation of Successor.** The Mayor or City Administrator or City Treasurer may, as applicable in his or her discretion at any time, designate a bank or other qualified institution, duly authorized to do business as a Bond registrar, paying agent, or both, to act in one or both such capacities hereunder, in the event the Mayor or City Administrator or City Treasurer shall determine it to be advisable. Notice shall be given to the registered owners of any such designation in the same manner, as near as may be practicable, as for a notice of redemption of Bonds, and as if the date of such successor taking up its duties were the redemption date.

**Section 7. Bond Registrar and Paying Agent.** Unless otherwise specified in a Bond Order, the Bond Registrar and Paying Agent with respect to this ordinance and the Bonds shall be First Mid-Illinois Bank & Trust, N.A., Mattoon, Illinois. The Issuer covenants that it shall at all times retain a Bond Registrar and Paying Agent with respect to the Bonds and shall cause to be maintained at the office of such Bond Registrar a place where Bonds may be presented for registration of transfer or exchange, that it will maintain at the designated office of the Paying Agent a place where Bonds may be presented for payment, that it shall require that the Bond Registrar maintain proper registration books and that it shall require the Bond Registrar and Paying Agent to perform the other duties and obligations imposed upon each of them by this ordinance in a manner consistent with the standards, customs and practices concerning municipal securities. The Issuer may enter into appropriate agreements with the Bond Registrar and Paying Agent in connection with the foregoing, including as follows:

- (a) to act as Bond Registrar, authenticating agent, Paying Agent and transfer agent as provided herein;
- (b) to maintain a list of the registered owners of the Bonds as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;
- (c) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;
- (d) to furnish the Issuer at least annually a certificate with respect to Bonds cancelled and/or destroyed;
- (e) to give notices of redemption of any Bonds subject to redemption; and
- (f) to furnish the Issuer at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

In any event, (a) - (f) above shall apply to the Bond Registrar and Paying Agent.

The Bond Registrar and Paying Agent shall signify their acceptances of the duties and obligations imposed upon them by this ordinance. The Bond Registrar by executing the certificate of authentication on any Bond shall be deemed to have certified to the Issuer that it has all requisite power to accept, and has accepted, such duties and obligations not only with respect to the Bond so authenticated but with respect to all of the Bonds. The Bond Registrar and Paying Agent are the agents of the Issuer for such purposes and shall not be liable in connection with the performance of their respective duties except for their own negligence or default. The Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on the Bonds.

The Issuer may remove the Bond Registrar or Paying Agent at any time. In case at any time the Bond Registrar or Paying Agent shall resign (such resignation to not be effective until a successor has accepted such role) or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Bond Registrar or Paying Agent, or of its property, shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or Paying Agent or of their respective properties or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Bond Registrar or Paying Agent, as the case may be. The Issuer shall mail or cause to be mailed notice of any such appointment made by it to each registered owner of Bonds within twenty (20) days after such appointment. Any Bond Registrar or Paying Agent appointed under the provisions of this Section 7 shall be a bank, trust company or other qualified professional with respect to such matters, authorized to exercise such functions in the State of Illinois.

**Section 8. Alternate Bonds; General Obligations.** The Bonds are and constitute Alternate Bonds under the Local Government Debt Reform Act, anticipated to be payable from Pledged Revenues. Under and pursuant to Section 15 of the Local Government Debt Reform Act, the full faith and credit of the Issuer are hereby irrevocably pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds; the Bonds shall be direct and general obligations of the Issuer; and the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Issuer's corporate limits, for the payment of the principal thereof and the interest thereon, without limitation as to rate or amount (such ad valorem taxes being the "**Pledged Taxes**").

If at any time Net Revenues are insufficient to pay debt service on the Bonds or the deposit to the Debt Service Subaccount under Section 12(d), the Issuer will levy and deposit to the Debt Service Subaccount sufficient Pledged Taxes to cover such insufficiency, including in the event Pledged Taxes are prematurely abated.

Pledged Revenues are hereby determined by the Corporate Authorities to be sufficient to provide for or pay in each year to final maturity of the Bonds all of the following: (1) costs of operation and maintenance of the utility or enterprise (i.e., the System), but not including depreciation, (2) debt service on all outstanding revenue bonds payable from enterprise revenues, (3) all amounts required to meet any fund or account requirements with respect to such outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from such enterprise revenues, and (5) in each year, an amount not less than 1.25 times debt service of all (i) alternate bonds payable from such enterprise revenues previously issued and outstanding and (ii) alternate bonds proposed to be issued. To the extent payable from one or more revenue sources, the Pledged Revenues shall be and, with appropriate System rates already adopted and in effect prior, are hereby determined by the Corporate Authorities to provide in each year, an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of alternate bonds payable from such revenue sources previously issued and outstanding and alternate bonds proposed to be issued. Such conditions enumerated need not be met for that amount of debt service (as defined in Section 2 of the Local Government Debt Reform Act) provided for by the setting aside of proceeds of bonds or other moneys at the time of the delivery of such bonds or is required for the Refunding. The Pledged Revenues (including as defined in Section 2 of the Local Government Debt Reform Act) are hereby determined by the Corporate Authorities to provide in each year Operation and Maintenance Expenses, depreciation and reserve requirements and an amount not less than 1.25 times debt service (as defined in Section 2 of the Local Government Debt Reform Act) of all of the Bonds, there being no obligations outstanding payable from such Pledged Revenues other than the Prior Bonds.

The determination of the sufficiency of the Pledged Revenues (including as defined in Section 2 of the Local Government Debt Reform Act) is presently supported by reference to the most recent audit of the Issuer, which is for a Fiscal Year ending not earlier than 18 months previous to the time of issuance of the alternate Bonds. If for any reason prior issuance of and delivery of the Bonds, such audit does not adequately show the sufficiency of such Pledged Revenues, to the extent required by applicable law, and not otherwise, the determination of sufficiency shall be required to be supported by the report of an independent accountant or feasibility analyst having a national reputation for expertise in such matters demonstrating the sufficiency of such revenues and explaining, if appropriate, by what Pledged Revenues will be greater than as shown in the audit. Whenever the sufficiency of Pledged Revenues is demonstrated by reference to higher rates or charges and fees for enterprise revenues (with respect to the use of the services of the System constituting the Pledged Revenues, including as defined in Section 2 of the Local Government Debt Reform Act), such higher rates or charges and fees with respect to the use of the services of the System shall have been properly imposed by an ordinance adopted prior to the time of delivery of the Bonds. Under present law, the Issuer is not required to comply with this paragraph related to the Bonds since they are refunding bonds with no new money.

**Section 9. Form of Bonds.** The Bonds shall be issued in fully registered form conforming to the industry customs and practices of printing, including part on the front and part on the reverse of the certificates, as appropriate, the blanks to be appropriately completed when the Bonds are printed. The Bonds shall be prepared in compliance with the National Standard Specifications for Fully Registered Municipal Securities prepared by the American National Standards Institute and shall be in substantially the form, as follows:

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
  
THE COUNTY OF COLES  
  
CITY OF MATTOON  
GENERAL OBLIGATION WATERWORKS REFUNDING BOND  
(ALTERNATE REVENUE SOURCE)  
SERIES 2011

REGISTERED NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

INTEREST RATE:      MATURITY DATE:      DATED DATE:      CUSIP:

Registered Owner:

Principal Amount:

**KNOW ALL BY THESE PRESENTS** that the City of Mattoon, (the “**Issuer**”) situated in The County of Coles, in the State of Illinois, acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner identified above, or registered assigns, subject to the provisions of the Issuer’s proceedings authorizing this Bond and each Bond of the series of which it is one, the Principal Amount set forth above on the Maturity Date specified above, and to pay interest on such Principal Amount from the later of the Dated Date hereof or the most recent interest payment date to which interest has been paid, at the Interest Rate per annum set forth above, computed on the basis of a 360-day year consisting of twelve 30-day months and payable in lawful money of the United States of America semiannually on the first day of June and December in each year, commencing June 1, 2012, until the Principal Amount hereof shall have been paid, by check or draft mailed to the Registered Owner of record hereof as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding such interest payment date, at the address of such Registered Owner appearing on the registration books maintained for such purpose at the designated corporate trust office of First Mid-Illinois Bank & Trust, N.A., in Mattoon, Illinois, as Bond Registrar (including its successors, the “**Bond Registrar**”). This Bond, as to principal and premium, if any, when due, will be payable in lawful money of the United States of America upon presentation and surrender of this Bond at the designated payment office of First Mid-Illinois Bank & Trust, N.A., in Mattoon, Illinois, as Paying Agent (including its successors, the “**Paying Agent**”). Although it is expected, and has been certified, that the Bonds are to be paid from the receipts derived by the Issuer from Net Revenues, constituting Pledged Revenues (as each such term is defined in the hereinafter defined Bond Ordinance authorizing this Bond), as derived from the Issuer’s separate waterworks system (the “**System**”) and from Revenue Sharing Receipts (as defined in the hereafter defined Bond Ordinance), which Pledged Revenues are pledged to the payment thereof, the full faith and credit of the Issuer, including the power to levy taxes without limit as to rate or amount, are irrevocably pledged for the punctual payment of the principal of and interest on this Bond and each Bond of the series of which it is a part, according to the terms thereof. The Bonds are and constitute Alternate Bonds and are “**general obligation bonds.**”

This Bond is one of a series of Bonds issued in the aggregate principal amount of \$\_\_\_\_\_, which are all of like tenor, except as to maturity, interest rate and right of redemption, and which are authorized and issued under and pursuant to the Constitution and laws of the State of Illinois, including the Illinois Municipal Code and Section 15 of the Local Government Debt Reform Act (Section 350/15 of Chapter 30 of the Illinois Compiled Statutes, in connection with “**alternate bonds**”, as supplemented and amended, including by the Registered Bond Act, the Illinois Bond Replacement Act, the Bond Authorization Act and the applicable laws authorizing the Pledged Revenues), and pursuant to and in accordance with Ordinance No. \_\_\_\_\_ adopted by the Issuer’s City Council on \_\_\_\_\_, 2011, and entitled: “An Ordinance Authorizing the Issuance of General Obligation Waterworks Refunding Bonds (Alternate Revenue Source), Series 2011, of the City of Mattoon, Coles County, Illinois, Providing the Details of Such Bonds and For Alternate Revenue Source and the Levy of Direct Annual Taxes Sufficient to Pay the Principal of and Interest on such Bonds, and Related Matters” (as supplemented and amended and with respect to which undefined terms herein shall have the meanings therein, the “**Bond Ordinance**”). The Bonds are issued to refund [certain of] the Issuer’s outstanding General Obligation Waterworks Refunding Bonds (Alternate Revenue Source), Series 2003, and related costs and expenses, as provided in the Bond Ordinance.

[Insert Term Bond provisions, as applicable.]

The Bonds are not subject to redemption prior to maturity at the options of the Issuer.

This Bond is transferable only upon the registration books therefor by the Registered Owner hereof in person, or by such Registered Owner’s attorney duly authorized in writing, upon surrender hereof at the principal corporate trust office of the Bond Registrar together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or by such Registered Owner’s duly authorized attorney, and thereupon a new registered Bond or Bonds, in the denomination of \$5,000 or any authorized integral multiple thereof and of the same aggregate principal amount as this

Bond shall be issued to the transferee in exchange therefor. In like manner, this Bond may be exchanged for an equal aggregate principal amount of Bonds of any authorized denomination.

The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the calendar month preceding any interest payment date to such interest payment date[, or to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, or during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds]. The Issuer or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange of this Bond. No other charge shall be made for the privilege of making such transfer or exchange. The Issuer, the Paying Agent and the Bond Registrar may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal, premium, if any, and interest due hereon and for all other purposes whatsoever, and all such payments so made to such Registered Owner or upon such Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of any Bonds against the Mayor, any member of the City Council or any other officer or employee of the Issuer (past, present or future) who executes any Bonds, or on any other basis. The Issuer may remove the Bond Registrar or Paying Agent at any time and for any reason and appoint a successor.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been duly executed by the Bond Registrar.

The Issuer has designated the Bonds as **"qualified tax-exempt obligations"** under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

It is hereby certified, recited and declared that all acts, conditions and things required to be done, exist and be performed precedent to and in the issuance of this Bond in order to make it a legal, valid and binding general obligation of the Issuer have been done, exist and have been performed in regular and due time, form and manner as required by law, and that the series of Bonds of which this Bond is one, together with all other indebtedness of the Issuer is within every debt or other limit prescribed by law.

**IN WITNESS WHEREOF**, the City of Mattoon, Coles County, Illinois, has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal, or a facsimile thereof, to be hereunto affixed or otherwise reproduced hereon and attested by the manual or facsimile signature of its City Clerk, all as of the Dated Date set forth above.

(SEAL)

**CITY OF MATTOON,**  
Coles County, Illinois

Attest:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

#### **CERTIFICATE OF AUTHENTICATION**

Dated: \_\_\_\_\_

This is one of the General Obligation Waterworks Refunding Bonds (Alternate Revenue Source), Series 2011, described in the within mentioned Bond Ordinance.

**FIRST MID-ILLINOIS BANK & TRUST, N.A.**  
**Mattoon, Illinois, as Bond Registrar**

By: \_\_\_\_\_  
Authorized Signer

**Bond Registrar** First Mid-Illinois Bank & Trust, N.A.  
**and Paying Agent:** Mattoon, Illinois

### ASSIGNMENT

For value received the undersigned sells, assigns and transfers unto \_\_\_\_\_ [Name, Address and Tax  
Identification Number of Assignee]

the within Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within  
Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated \_\_\_\_\_  
Signature

Signature Guarantee:

\_\_\_\_\_  
(Name of Eligible Guarantor Institution as defined  
by SEC Rule 17 Ad-15 (17 CFR 240.1 Ad-15))

Notice: The signature on this assignment must correspond with the name of the Registered Owner as it appears upon the face  
of the within Bond in every particular, without alteration or enlargement or any change whatever.

**Section 10. Levy and Extension of Taxes.** For the purpose of providing the money required to pay the  
interest on the Bonds when and as the same falls due and to pay and discharge the principal thereof as the same shall mature,  
there shall be levied upon all the taxable property within the Issuer's corporate limits in each year while any of the Bonds shall  
be outstanding, a direct annual tax in each of the years commencing not earlier than the 2011 levy year and ending not later  
than the 2014 levy year, sufficient for that purpose, in addition to all other taxes, and in the amounts for each levy year, as shall  
be specified in a Bond Order (i.e. the Pledged Taxes).

To the extent lawful, interest or principal coming due at any time when there shall be insufficient funds on  
hand to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the taxes  
herein levied; and when such taxes shall have been collected, reimbursement shall be made to such fund or funds from which  
such advance was made in the amounts thus advanced.

As soon as this ordinance becomes effective, a copy hereof certified by the City Clerk, which certificate shall  
recite that this ordinance has been duly adopted, shall be filed with the County Clerk of Coles County, Illinois, who is hereby  
directed to ascertain the rate percent required to produce the aggregate tax hereinabove provided to be levied in the years as  
herein provided, and to extend the same for collection on the tax books in connection with other taxes levied in each of such  
years, in and by the Issuer for general corporate purposes of the Issuer, and in each of such years such annual tax shall be  
levied and collected in like manner as taxes for general corporate purposes for each of such years are levied and collected and,  
when collected, such taxes shall be used solely for the purpose of paying the principal of and interest on the Bonds herein  
authorized as the same become due and payable.

The Issuer covenants and agrees with the owners of the Bonds that so long as any of the Bonds remain  
outstanding, unless and to the extent that there then shall be moneys irrevocably on deposit therefor in the Debt Service  
Subaccount of the Surplus Account, the Issuer will take no action or fail to take any action which in any way would adversely  
affect the ability of the Issuer to levy and collect the foregoing Pledged Taxes, and the Issuer and its officers will comply with  
all present and future applicable laws in order to assure that the foregoing taxes will be levied, extended and collected as  
provided herein and deposited in the Debt Service Subaccount established in Section 12(d) below to pay the principal of and  
interest on the Bonds. Whenever moneys are irrevocably on deposit in such Debt Service Subaccount to pay the principal of  
and/or interest on the Bonds, the Corporate Authorities or other authorized officer shall by appropriate supplemental  
proceedings direct the abatement of the Pledged Taxes for the year with respect to which such taxes have been levied to the  
extent of such deposit, and appropriate certification of such abatement shall be timely filed with the County Clerk in  
connection with such abatement. If for any reason there is abatement of such levy of taxes and the failure thereafter to pay debt



service in respect of such abatement, the additional amount, together with additional interest accruing, shall be added to the tax levy in the year of, or the next year following, such failure.

**Section 11. System Fund and Accounts.** Upon the issuance of any of the Bonds, the System shall continue to be operated on a Fiscal Year basis. All of the revenues from any source whatsoever derived from the operation of the System, together with any other available funds therefor, shall be set aside as collected and be deposited in a separate fund and in an account in a bank to be designated or continued, as the case may be, by the Corporate Authorities, which fund is hereby created, designated or continued, as the case may be, as the Issuer's "**Waterworks Fund**" (the "**Fund**" or the "**System Fund**"), which shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of this ordinance, and shall be used only in paying operation and maintenance expenses of the System, providing adequate depreciation and reserve funds as herein provided, paying the principal of and interest on all revenue bonds and obligations of the Issuer which by their terms are payable solely from the revenues derived from the System, and providing for the establishment of an expenditure from the respective accounts as hereinafter described.

**Section 12. Flow of Funds.** There shall be deposited in and credited to the System Fund all revenues and income of the System as received, and all disbursements for the Operation and Maintenance Expenses of the System and all allocations and deposits to the following Accounts shall be made from the System Fund. There shall be and there are hereby ordered, created and established, or at the Issuer's option continued under the Prior Bond Ordinance, as the case may be, separate accounts and subaccounts to be known as the Waterworks System "**Operation and Maintenance Account**", "**Accounts Created Pursuant to Future Bond Ordinances**", "**Depreciation Account**", and "**Surplus Account**" (including therein a "**Debt Service Subaccount**", from which debt service on the Bonds is to be paid and into which, as applicable, Revenue Sharing Receipts and/or Pledged Taxes shall be directly deposited), to which there shall be credited on or before the first day of each month by the Issuer's Treasurer or other appropriate financial officer of the Issuer, without any further official action or direction, in the order in which such accounts are hereinafter mentioned, all moneys held in the System Fund, in accordance with the following provisions (provided that Revenue Sharing Receipts shall be deposited directly to the Debt Service Subaccount, as necessary):

(a) **Operation and Maintenance Account:** There shall be deposited and credited to the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in such Account, to establish a balance equal to an amount not less than the amount necessary to pay Operation and Maintenance Expenses for the then current month.

(b) **Accounts Created Pursuant to Future Bond Ordinances.** Future Bond Ordinances may create additional accounts in the System Fund for the payment and security of waterworks revenue bonds that hereafter may be issued by the Issuer. Amounts in the System Fund shall be credited to and transferred from such accounts in accordance with the terms of the Future Bond Ordinances.

(c) **Depreciation Account:** Amounts shall be deposited into the Depreciation Account from time to time as the Corporate Authorities determine necessary to provide an adequate depreciation fund for the System. In Future Bond Ordinances, the Issuer may covenant to make specific monthly deposits to such Depreciation Account and to accumulate funds therein.

Amounts to the credit of the Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service and (ii) the payment of principal of or interest and applicable premium on any Outstanding Bonds at any time when there are no other funds available for that purpose in order to prevent a default and shall be transferred to the appropriate account for such purpose.

Future Bond Ordinances may provide for additional uses and transfers of the funds on deposit in the Depreciation Account.

(d) **Surplus:** All moneys remaining in the System Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in the above Accounts described in subsections (a) through (c), inclusive, shall be credited to the Surplus Account and then: (i) shall **first** be used to make up any subsequent deficiencies in any of the Accounts hereinabove named; (ii) shall **second**, after depositing all accrued interest received on the sale of the Bonds and funds in the Prior Bonds debt service account, or other funds, to pay debt service through June 1, 2012, on or before the second business day of the Issuer preceding the first day of each month the Issuer's Treasurer shall first credit to and shall immediately deposit into a "**Debt Service Subaccount**," within which there shall be a further "**Pledged Taxes Subaccount**" into which any Pledged Taxes shall be directly deposited, as the case may be, from Net Revenues and/or Revenue Sharing Receipts, a pro rata

amount (not less than 1/6) in Pledged Revenues of the installment of interest coming due on the next succeeding interest payment date and such that the tax levy in Section 10 can be timely abated (the aggregate being the **“Interest Requirement”** for the applicable period) on the then Outstanding Bonds plus a pro rata amount (not less than 1/12) of the installment of principal coming due on the then Outstanding Bonds on the next succeeding principal payment or mandatory redemption date on the then Outstanding Bonds and such that the tax levy in Section 10 can be timely abated (the aggregate being the **“Principal Requirement”** for the applicable period), and Pledged Revenues shall be so credited in full to the Debt Service Subaccount until the Principal Requirement and the Interest Requirement shall have been met, after which no such deposits shall be required, and such moneys may be applied to any other lawful System or corporate purposes; and except as hereinafter provided, moneys to the credit of the Debt Service Subaccount shall be used solely and only for the purpose of paying principal of and redemption premium, if any, and interest on the Bonds as the same become due or upon maturity or mandatory redemption; and (iii) **third**, at the discretion of the Corporate Authorities, shall be used, if at all, for one or more of the following purposes (and not for any general corporate purposes) without any priority among them: (1) For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the System; or (2) For the purpose of calling and redeeming Outstanding Bonds which are callable at the time; or (3) For the purpose of purchasing any Outstanding Bonds; or (4) For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, renewals, improvements and extensions to the System; or (5) For any purpose enumerated in any Future Bond Ordinance; or (6) For any other lawful purpose.

(e) **Pledged Subaccount:** Within the Debt Service Subaccount there shall be a **“Pledged Subaccount”**. Moneys deposited into the Debt Service Subaccount in excess of the amount that qualifies for a BDSF shall be deposited or credited to the Pledged Subaccount for later transfer to the Debt Service Subaccount when the transferred amount will not disqualify the Debt Service Subaccount as a BDSF. Unless the Issuer requests and receives a written Bond Counsel opinion otherwise, moneys in the Pledged Subaccount are hereby pledged to the payment of the Bonds and are subject to Yield Restriction and determination as to Yield Reduction Payments.

(f) **Investments:** Money to the credit of the System Fund prior to the monthly accounting and to the credit of the Operation and Maintenance Account may be invested in Qualified Investments pursuant to any authorization granted to municipal corporations by Illinois statute or court decision. Money to the credit of the Debt Service Subaccount may duly be invested from time to time by the Treasurer of the Issuer in Qualified Investments, as follows: (i) interest bearing bonds, notes or other direct full faith and credit obligations of the United States of America, (ii) obligations unconditionally guaranteed as to both principal and interest by the United States of America, or (iii) certificates of deposit or time deposits of any bank, as defined by the Illinois Banking Act, or savings and loan association provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation (FDIC) or a successor corporation to FDIC, and provided further that the principal of such deposits is secured by a pledge of obligations as described in clauses (f) (i) and (f) (ii) above in the full principal amount of such deposits, and otherwise collateralized in such amount and in such manner as may be required by law. Such investments shall be sold from time to time by such Treasurer as funds may be needed for the purpose for which such accounts have been created.

All interest on any funds so invested shall be credited to the applicable fund, account or subaccount of the System Fund for which the investment was made and is hereby deemed and allocated as expended with the next expenditure or expenditures of money from such applicable fund, account or subaccount of the System Fund; provided, however, the Issuer shall credit such interest in such manner as to not cause the Bonds to be **“arbitrage bonds”** within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and applicable Income Tax Regulations.

Moneys in any of such accounts shall be invested by the City Treasurer, if necessary, in investments restricted as to yield, which investments may be in U.S. Treasury Securities - State and Local Government Series, if available, and to such end the City Treasurer shall refer to any investment restrictions covenanted by the Issuer or any officer thereof as part of the transcript of proceedings for the issuance of the Bonds, and to appropriate opinions of counsel.

**Section 13. Bond Proceeds Account.** Unless applied directly by the Purchaser (i) to fund a Refunding Deposit and/or Refunding Account to refund the Prior Bonds or (ii) to directly pay costs of issuance of the Bonds, as is hereby authorized, all of the proceeds derived from the sale of the Bonds (exclusive of accrued interest) shall be applied to so retire the Prior Bonds or deposited in the **“Bond Proceeds Account”**, which is hereby established as a special account of the Issuer. Moneys in the Bond Proceeds Account shall be used for the purposes specified in Section 1 of this ordinance (that is, the costs of financing the refunding of the Prior Bonds or other authorized costs) and for the payment of costs of issuance of the Bonds, but may hereafter be reappropriated and used for other lawful purposes in accordance with the Waterworks Revenue Source Act. Before any such reappropriation shall be made, there shall be filed with the City Clerk an opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, or other nationally recognized Bond counsel (**“Bond Counsel”**) to the effect that such

reappropriation is authorized and will not adversely affect the tax-exempt status of the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Unless directly applied, including as set forth above concerning funding of costs of issuance of the Bonds and the Refunding, moneys in the Bond Proceeds Account shall be withdrawn from time to time as needed for the payment of costs and expenses incurred or advanced by the Issuer in connection with refunding the Prior Bonds or, as approved by a written opinion of Bond Counsel, other authorized System facilities and for paying the fees and expenses incidental thereto. Moneys shall be withdrawn from the depository in connection with such funds from time to time by the City Treasurer or other appropriate financial officer of the Issuer only upon submission to such officer of the following (which shall not be required or apply to refunding the Prior Bonds):

A duplicate copy of the order signed by the Mayor or City Administrator or City Treasurer, or such other officer(s) as may from time to time be by law authorized to sign and countersign orders of the Issuer, stating specifically the purpose for which the order is issued and indicating that the payment for which the order is issued has been approved by the Corporate Authorities.

Within sixty (60) days after completion of the refunding of the Prior Bonds or other authorized System facilities the Mayor or City Administrator shall certify to the Corporate Authorities the fact that any work has been completed, and after all costs have been paid, the City Administrator or Mayor shall execute a completion certificate and file it to certify that such Refunding or other authorized System facilities have been completed and that all costs have been paid; and, if at that time any funds remain in the Bond Proceeds Account, the same shall be transmitted by the depository to the City Treasurer or other appropriate financial officer of the Issuer, and such officer shall credit such funds to the Debt Service Subaccount, as the Corporate Authorities direct.

**Section 14. Arbitrage Rebate.** The Issuer shall comply with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, relating to the rebate of certain investment earnings at periodic intervals to the United States of America to the extent that such compliance is necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. There is hereby authorized to be created, as necessary, a separate and special account known as the **“Rebate Account”**, into which there shall be deposited as necessary investment earnings to the extent required so as to maintain the tax-exempt status of the interest on the Bonds under Section 148(f) of the Internal Revenue Code of 1986, as amended, including with respect to Yield Reduction Payments. All rebates, special impositions or taxes or Yield Reduction Payments for such purpose payable to the United States of America (Internal Revenue Service) shall be payable from applicable excess earnings or other sources which are to be deposited into the Rebate Account.

**Section 15. Investment Regulations.** All investments shall be in Qualified Investments, unless otherwise expressly herein provided. No investment shall be made of any moneys in the several accounts and subaccounts of the System Fund except in accordance with the tax covenants and other covenants set forth in Section 16 of this ordinance. All income derived from such investments in respect of moneys or securities in any fund, account or subaccount shall be credited in each case to the fund, account or subaccount in which such moneys or securities are held.

Any moneys in any fund, account or subaccount that are subject to investment yield restrictions may be invested in United States Treasury Securities, State and Local Government Series, pursuant to the regulations of the United States Treasury Department, Bureau of Public Debt. The Issuer's Treasurer and agents designated by such officer are hereby authorized to submit on behalf of the Issuer subscriptions for such United States Treasury Securities and to request redemption of such United States Treasury Securities.

**Section 16. Non-Arbitrage and Tax-Exemption.** One purpose of this Section is to set forth various facts regarding the Bonds and to establish the expectations of the Corporate Authorities and the Issuer as to future events regarding the Bonds and the use of Bond proceeds. The certifications and representations made herein and at the time of the issuance of the Bonds are intended, and may be relied upon, as certifications and expectations described in Section 1.148-0 *et seq.* of the Income Tax Regulations dealing with arbitrage and rebate (the **“Regulations”**). The covenants and agreements contained herein and at the time of the issuance of the Bonds are made for the benefit of the registered owners from time to time of the Bonds. The Corporate Authorities and the Issuer agree, certify, covenant and represent as follows:

(a) The Bonds are being issued to pay the costs of refunding the Prior Bonds, and related costs and expenses, and all of the amounts received upon the sale of the Bonds, plus all investment earnings thereon (the **“Proceeds”**) are needed for the purpose for which the Bonds are being issued. The Refunding Deposit and/or Refunding Account will be immediately funded upon issuance of the Bonds. The Prior Bonds will be retired as a current refunding within 90 days of issuance of the Bonds.

(b) The Issuer proceeded with and concluded the Prior Project, which was on or before the expiration of applicable temporary period therefore.

(c) The Issuer has on hand no funds which could legally and practically be used for refunding the Prior Bonds which are not pledged, budgeted, earmarked or otherwise necessary to be used for other purposes. Accordingly, no portion of the Proceeds will be used (i) directly or indirectly to replace funds of the Issuer or any agency, department or division thereof that could be used for the Refunding, or (ii) to replace any proceeds of any prior issuance of obligations by the Issuer. No portion of the Bonds is being issued solely for the purpose of investing the Proceeds at a Yield higher than the Yield on the Bonds. For purposes of this Section, “Yield” means that yield (that is, the discount rate) which when used in computing the present worth of all payments of principal and interest to be paid on an obligation (using semi-annual compounding on the basis of a 360-day year) produces an amount equal to the purchase price of the Bonds, including accrued interest, and the purchase price of the Bonds is equal to the first offering price at which more than 10% of the principal amount of each maturity of the Bonds is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of Purchasers or wholesalers).

(d) Net principal proceeds of the Bonds will be applied directly (i) to refunding the Prior Bonds, (ii) to costs of issuance of the Bonds or (iii) deposited in the Bond Proceeds Account and used to pay authorized costs and costs of issuance of the Bonds, and any accrued interest and premium received on the delivery of the Bonds will be deposited in the Debt Service Subaccount and used to pay the first interest due on the Bonds. Earnings on the investment of moneys in any fund, account or subaccount will be credited to that fund, account or subaccount. Costs of issuance costs of the Bonds may be paid directly upon issuance of the Bonds or, together with Refunding costs, from the Bond Proceeds Account, and no other moneys are expected to be deposited in the Bond Proceeds Account. Moneys in the Depreciation Account may be applied to pay debt service on the Bonds in the event there shall be an insufficiency in the Debt Service Subaccount. However, due to the expected application of such moneys to pay costs of replacement, repair and extraordinary maintenance of System facilities, it is unlikely such moneys will be available for such purpose. Interest on and principal of the Bonds will be paid from the Debt Service Subaccount. Except for the Refunding, no Proceeds will be used more than 30 days after the date of issue of the Bonds for the purpose of paying any principal or interest on any issue of bonds, notes, certificates or warrants or on any installment contract or other obligation of the Issuer or for the purpose of replacing any funds of the Issuer used for such purpose.

(e) The Debt Service Subaccount (excluding the Pledged Subaccount) is established to achieve a proper matching of revenues and earnings with debt service in each bond year. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that any moneys deposited in the Debt Service Subaccount (excluding the Pledged Subaccount) will be spent within the 12-month period beginning on the date of deposit therein. Any earnings from the investment of amounts in the Debt Service Subaccount (excluding the Pledged Subaccount) will be spent within a one-year period beginning on the date of receipt of such investment earnings. Other than any amounts held to pay principal of matured Bonds that have not been presented for payment, it is expected that the Debt Service Subaccount (excluding the Pledged Subaccount) will be depleted at least once a year, except for a reasonable carryover amount not to exceed the greater of (i) one-year's earnings on the investment of moneys in the Debt Service Subaccount (excluding the Pledged Subaccount), or (ii) in the aggregate one-twelfth (1/12th) of the annual debt service on the Bonds.

(f) Other than the Debt Service Subaccount, no funds or accounts have been or are expected to be established, and no moneys or property have been or are expected to be pledged (no matter where held or the source thereof) which will be available to pay, directly or indirectly, the Bonds or restricted so as to give reasonable assurance of their availability for such purposes. No property of any kind is pledged to secure, or is available to pay, obligations of the Issuer to any credit enhancer or liquidity provider.

(g) (i) All amounts on deposit in the Bond Proceeds Account or the Debt Service Subaccount or the Depreciation Account and all Proceeds, no matter in what funds or accounts deposited (“Gross Proceeds”), to the extent not exempted in (ii) below, and all amounts in any fund or account pledged directly or indirectly to the payment of the Bonds which will be available to pay, directly or indirectly, the Bonds or restricted so as to give reasonable assurance of their availability for such purpose contrary to the expectations set forth in (f) above, shall be invested at market prices and at a Yield not in excess of the Yield on the Bonds plus, for amounts in the Bond Proceeds Account, but only as expected to be applied to authorized System facilities after any applicable 3-year temporary period, 1/8 of 1%.

(ii) The following may be invested without Yield restriction:

(A) amounts invested in obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended (but not specified private activity bonds as defined in Section 57(a)(5)(C) of the Code), the interest on which is not includable in the gross income of any registered owner thereof for federal income tax purposes (“**Tax-Exempt Obligations**”);

(B) amounts deposited in the Debt Service Subaccount that are reasonably expected to be expended within 13 months from the deposit date and have not been on deposit therein for more than 13 months;

(C) amounts, if any, in the Bond Proceeds Account to be applied to System improvements prior to the earlier of completion (or abandonment) of such improvements or three years from the date of issue of the Bonds;

(D) an amount not to exceed 5% of Bond proceeds;

(E) all amounts for the first 30 days after they become Gross Proceeds (e.g., date of deposit in any fund, account or subaccount securing the Bonds); and

(F) all amounts derived from the investment of Proceeds for a period of one year from the date received.

(h) Subject to (q) below, once moneys are subject to the Yield limits of (g)(i) above, such moneys remain Yield restricted until they cease to be Gross Proceeds.

(i) As set forth in Section 148(f)(4)(D) of the Internal Revenue Code of 1986, as amended, the Issuer is excepted from the required rebate of arbitrage profits on the Bonds because the Issuer is a governmental unit with general taxing powers, none of the Bonds is a “**private activity bond**” as defined in Section 139(a) of the Internal Revenue Code of 1986, as amended, all the net proceeds of the Bonds are to be used for the local government activities of the Issuer, and the aggregate face amount of all tax-exempt obligations (including “**qualified 501(c)(3) bonds**” and excluding other than “**private activity bonds**” as defined in Internal Revenue Code of 1986, as amended) issued by the Issuer and all subordinate entities thereof during the calendar year in which the Bonds are to be issued, including the Bonds, is not reasonably expected to exceed \$5,000,000 under such Section 148(f)(4)(D). At least as to Yield Reduction Payments, the Issuer will execute an Arbitrage Regulation Agreement.

(j) None of the Proceeds will be used, directly or indirectly, to replace funds which were used in any business carried on by any person other than a state or local governmental unit.

(k) The payment of the principal of or the interest on the Bonds will not be, directly or indirectly (A) secured by any interest in (i) property used or to be used for a private business use by any person other than a state or local governmental unit, or (ii) payments in respect of such property, or (B) derived from payments (whether or not by or to the Issuer), in respect of property, or borrowed money, used or to be used for a private business use by any person other than a state or local governmental unit.

(l) None of the Proceeds will be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(m) No user of the Prior Project other than a state or local government unit will use such Prior Project on any basis other than the same basis as the general public, and no person other than a state or local governmental unit will be a user of such Project as a result of (i) ownership, or (ii) actual or beneficial use pursuant to a lease or a management or incentive payment contract, or (iii) any other similar arrangement.

(n) Beginning on the 15th day prior to the Bond sale date, the Issuer has not sold or delivered, and will not sell or deliver, (nor will it deliver within 15 days after the date of issuance of the Bonds) any other obligations pursuant to a common plan of financing, which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or will be paid directly or indirectly from Proceeds.

(o) No portion of any Prior Project is expected to be sold or otherwise disposed of prior to the last maturity of the Bonds.

(p) The Issuer has not been notified of any disqualification or proposed disqualification of it by the Internal Revenue Service as a bond issuer which may certify bond issues under the Regulations.

(q) The Yield restrictions contained in (g) above or any other restriction or covenant contained herein need not be observed and may be changed if the Issuer receives an opinion of Bond Counsel to the effect that such non-observance or change will not adversely affect the tax-exempt status of interest on the Bonds to which the Bonds otherwise are entitled.

(r) The Issuer acknowledges that any changes in facts or expectations from those set forth herein may result in different Yield restrictions or rebate requirements from those set forth herein and that Bond Counsel should be contacted if such changes do occur.

(s) The Corporate Authorities have no reason to believe the facts, estimates, circumstances and expectations set forth herein are untrue or incomplete in any material respect. On the basis of such facts, estimates, circumstances and expectations, it is not expected that the Proceeds or any other moneys or property will be used in a manner that will cause the Bonds to be private activity bonds, arbitrage bonds or hedge bonds within the meaning of Sections 139, 148 or 149(g) of the Internal Revenue Code of 1986, as amended, and of applicable regulations. To the best of the knowledge and belief of the Corporate Authorities, such expectations are reasonable, and there are no other facts, estimates and circumstances that would materially change such expectations.

The Issuer also agrees and covenants with the registered owners of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with all present federal tax law and related regulations and with whatever federal tax law is adopted and regulations promulgated in the future which apply to the Bonds and affect the tax-exempt status of the Bonds.

**Section 17. Further Assurances and Actions.** The Corporate Authorities hereby authorize the officials of the Issuer responsible for issuing the Bonds, the same being the Mayor, City Administrator, City Clerk and City Treasurer of the Issuer, to make such further filings, covenants, certifications and supplemental agreements as may be necessary to assure that the use of the Prior Project and the Bonds and related proceeds will not cause the Bonds to be private activity bonds, arbitrage bonds or hedge bonds and to assure that the interest on the Bonds will be excluded from gross income for federal income tax purposes. In connection therewith, the Issuer and the Corporate Authorities further agree: (i) through the officers of the Issuer, to make such further specific covenants, representations as shall be true, correct and complete, and assurances as may be necessary or advisable; (ii) to consult with Bond Counsel approving the Bonds and to comply with such advice as may be given; (iii) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (iv) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (v) if deemed necessary or advisable, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the Issuer in such compliance, and (vi) to abate in whole or in part taxes levied hereunder or under the Prior Bond Ordinance. The call for redemption of the Prior Bonds is authorized and a related abatement of Pledged Taxes for the Prior Bonds.

An Insurer's commitment with respect to a Policy and the terms and provisions of the Policy are hereby incorporated into this ordinance by this reference, as if set out in full at this place, including without limitation that any investment restrictions and limitations in the commitment and related to the Policy shall be deemed to be applicable restrictions and limitations on the investments authorized by this ordinance. A copy of the Insurer's commitment and standard package shall be appended to this ordinance, but any failure to so append shall not abrogate, diminish or impair the effect thereof. In the event there is no Policy, the reference herein to an Insurer or a Policy shall be given no effect.

**Section 18. General Covenants.** The Issuer covenants and agrees with the registered owners of the Outstanding Bonds, so long as there are any Outstanding Bonds (as defined herein), as follows:

(a) The Issuer will take all action necessary to impose, levy, collect, receive and apply the Pledged Revenues and Pledged Taxes, in each case in the manner contemplated by this ordinance and that such Pledged Revenues are to be deposited into the Debt Service Subaccount and shall not be less than as shall be required under Section 15 of the Local Government Debt Reform Act to maintain the Bonds as Alternate Bonds.

(b) The Issuer covenants that it will, while any of the Bonds shall remain outstanding, apply System revenues and charge rates and fees for usage of the System, and Revenue Sharing Receipts as to (5) below, sufficient to provide for or pay each of the following in any given year: (1) cost of operation and maintenance of the System (but not including depreciation); (2) debt service on all outstanding revenue bonds payable from the Net Revenues of the System; (3) all amounts required to meet any fund or account requirements with respect to the Bonds or any other

bonds payable from Net Revenues of the System; (4) other contractual or tort liability obligations, if any, payable from such enterprise revenues; and (5) in each year, an amount not less than 1.25 times the debt service for all (i) alternate bonds payable from Net Revenues, including any previously issued and outstanding; and (ii) alternate bonds proposed to be issued and payable from one or more of the sources of Pledged Revenues, including the Bonds.

(c) Whenever the 125% coverage in subsection (b) above is not effected or the Bonds at any time fail to qualify as Alternate Bonds not subject to any applicable debt limit under Section 15 of the Local Government Debt Reform Act or taxes are levied and extended and collected as in Section 10 hereof, the Issuer covenants to promptly have prepared a financial analysis of the System and the Pledged Revenues by an independent consulting accountant or other qualified professional employed for that purpose, and further, to send a copy of such analysis, when completed, to the Purchaser of the Bonds along with a letter indicating what action the Issuer has taken responsive to such study and to comply with Section 15 of the Local Government Debt Reform Act.

(d) The Issuer will make and keep proper books and accounts (separate and apart from all other records and accounts of the Issuer), in which complete entries shall be made of all transactions relating to the Pledged Revenues and the operation of the System, and hereby covenants that within ninety (90) days following the close of each Fiscal Year, it will cause the books and accounts related to the Pledged Revenues and the System to be audited by independent certified public accountants. Such audit will be available for inspection by the registered owners of any of the Bonds. Upon availability, the Issuer will send the Purchaser a copy of such audit and of its general audit in each year. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall, without limiting the generality of the foregoing, include the following:

(i) A balance sheet as of the end of such Fiscal Year, including a statement of the amount held in each of the accounts under this ordinance.

(ii) A list of all insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy.

(iii) The amount and details of all Outstanding Bonds.

(iv) The accountant's comments regarding the manner in which the Issuer has carried out the accounting requirements of this ordinance (including as to the Alternate Bond Status of the Bonds) and has complied with Section 15 of the Local Government Debt Reform Act, and the accountant's recommendations for any changes. It is further covenanted and agreed that a copy of each such audit shall be furnished upon completion to the Purchaser, and a summary thereof shall be furnished to the registered owner of any Bond upon request.

(e) The Issuer will keep its books and accounts in accordance with generally accepted fund reporting practices for local government entities and enterprise funds; provided, however, that the monthly credits to the Debt Service Subaccount shall be in cash, and such funds shall be held separate and apart in cash and investments. For the purpose of determining whether sufficient cash and investments are on deposit in such accounts under the terms and requirements of this ordinance, investments shall be valued at the lower of the cost or market price on the valuation date thereof, which valuation date shall be not less frequently than annually.

(f) The Issuer will take no action in relation to the Pledged Revenues or the Pledged Taxes which would unfavorably affect the security of the Outstanding Bonds or the prompt payment of the principal and interest thereon or the 125% coverage required in subsection (b) above to maintain the Bonds as **"alternate bonds"** under Section 15 of the Local Government Debt Reform Act.

(g) The owner of any Bond may proceed by civil action to compel performance of all duties required by law and this ordinance.

(h) The Issuer will adopt a budget and/or approve appropriations for the System prior to the beginning of each Fiscal Year, subject to all applicable state laws, providing for payment of all sums to be due in the Fiscal Year so as to comply with the terms of this ordinance. The budget may include in its estimate of income the use of available surplus moneys or other funds of the Issuer appropriated for such purposes. If during the Fiscal Year there are extraordinary receipts or payments of unusual cost, the Issuer will adopt an amended budget for the remainder of the Fiscal Year, providing for receipts or payments pursuant to this ordinance.

(i) The Issuer will carry insurance on the System of the kinds and in the amounts which are usually carried by private parties operating similar properties, covering such risks as shall be recommended by a competent consulting

engineer or insurance consultant employed by the Issuer for the purpose of making such recommendations. All moneys received for loss under such insurance policies shall be deposited in a separate subaccount of the Bond Proceeds Account and used in making good the loss or damage in respect of which they were paid, either by repairing the property damaged or making replacement of the property destroyed, and provision for making good such loss or damage shall be made within ninety (90) days from the date of the loss. The payment of premiums for all insurance policies required under the provisions of this covenant in connection with the System shall be considered an Operation and Maintenance Expense.

The proceeds derived from any and all policies for workers' compensation or public liability shall be paid into a separate subaccount of the Operation and Maintenance Account and used in paying the claims on account of which they were received.

(j) The Issuer will comply with the special covenants concerning Alternate Bonds as required by Section 15 of the Local Government Debt Reform Act and Section 15 of this ordinance.

(k) The Issuer will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons.

(l) After their issuance, to the extent lawful the Bonds shall be incontestable by the Issuer.

**Section 19. Ordinance to Constitute a Contract.** The provisions of this ordinance shall constitute a contract between the Issuer and the registered owners of the Bonds. Any pledge made in this ordinance and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of the Bonds. All of the Bonds, regardless of the time or times of their issuance, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this ordinance. This ordinance shall constitute full authority for the issuance of the Bonds, and to the extent that the provisions of this ordinance conflict with the provisions of any other ordinance or resolution of the Issuer, the provisions of this ordinance shall control.

**Section 20. Severability and No Contest.** If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance. Upon the issuance of the Bonds, neither the Bonds nor this ordinance shall be subject to contest by or in respect of the Issuer.

**Section 21. Bank Qualified Bonds.** Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, the Issuer hereby designates the Bonds as “**qualified tax-exempt obligations**” as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer represents that the reasonably anticipated amount of tax-exempt obligations that will be issued by the Issuer and all subordinate entities of the Issuer during the calendar year in which the Bonds are to be issued will not exceed \$10,000,000 within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The Issuer covenants that it will not so designate and issue more than \$10,000,000 aggregate principal amount of tax-exempt obligations in such calendar year. For purposes of this Section, the term “**tax-exempt obligation**” includes “**qualified 501(c)(3) Bonds**” (as defined in the Section 145 of the Internal Revenue Code of 1986, as amended) but does not include other “**private activity bonds**” (as defined in Section 141 of the Internal Revenue Code of 1986, as amended).

**Section 22. Repeal.** All ordinances, resolutions or parts thereof in conflict herewith shall be and the same are hereby repealed to the extent of such conflict and this ordinance shall be in full force and effect forthwith upon its adoption.

**Section 23. Effective Date/Filings.** This ordinance was continually on file with the City Clerk for public inspection, in the form in which it is finally passed, at least one week before the final passage thereof.

This ordinance shall become effective immediately upon its adoption and approval in the manner provided by law, and upon its becoming effective and prior to the issuance of the Bonds a certified copy of this ordinance, with an applicable Bond Order, shall be filed with the County Clerk of Coles County, Illinois.

Upon motion by Commissioner Ervin, seconded by Commissioner Hall, adopted this 4th day of October 2011, by roll call vote as follows:

Ayes (Names): Commissioner Becker, Commissioner Ervin,  
Commissioner Hall, Commissioner Rankin,



Mayor Gover  
Nays (Names): None  
Absent (Names): None

**APPROVED:** October 4, 2011

**ATTEST:**

/s/Tim Gover  
Mayor

/s/ Susan J. O'Brien  
City Clerk

Mayor Gover opened the floor for discussion with no responders.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Commissioner Becker seconded by Commissioner Hall moved to adopt Ordinance 2011-5327, approving a 4-way stop at the intersection of Broadway Avenue and 2<sup>nd</sup> Street.

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**CITY OF MATTOON, ILLINOIS**

**ORDINANCE NO. 2011-5327**

**AN ORDINANCE APPROVING A 4-WAY STOP AT THE INTERSECTION OF BROADWAY AVENUE AND 2ND STREET**

**WHEREAS**, the City of Mattoon maintains a municipal street system; and

**WHEREAS**, the City of Mattoon is responsible for regulating the traffic on said street system; and

**WHEREAS**, certain traffic regulations have been determined to be in need of modification for the safe operation of the municipal street system.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Mattoon that Chapter 74, Schedule II, Sub-Schedule 'B' of the Code of Ordinances be amended by the addition of the following:

<b>Four-Way Stop Intersections</b>	
<b>Street</b>	<b>Intersects with</b>
Broadway Avenue	2nd Street

**NOW, THEREFORE, BE IT FURTHER ORDAINED** by the City Council of the City of Mattoon that Chapter 74, Schedule II, Sub-Schedule 'D' of the Code of Ordinances be amended by the addition of the following:

<b>Two-Way Stop Intersections</b>	
<b>Street</b>	<b>Stops Approaching</b>
2nd Street	Broadway Avenue

Upon motion by Commissioner Becker, seconded by Commissioner Hall, adopted this 4<sup>th</sup> day of October, 2011, by a roll call vote, as follows:

AYES (Names): Commissioner Becker, Commissioner Ervin,  
Commissioner Hall, Commissioner Rankin,  
Mayor Gover

NAYS (Names): None  
ABSENT (Names): None

Approved this 4<sup>th</sup> day of October, 2011.

/s/ Timothy D. Gover  
Timothy D. Gover, Mayor  
City of Mattoon, Coles County, Illinois

ATTEST:

APPROVED AS TO FORM:

/s/ Susan J. O'Brien  
Susan J. O'Brien, City Clerk

/s/ J. Preston Owen  
J. Preston Owen, City Attorney

Recorded in the Municipality's Records on October 4, 2011.

Mayor Gover opened the floor for discussion. Mayor Gover noted the intersection was at St. John's Lutheran School. Deputy Police Chief Taylor noted the stop signs were needed due to students crossing the street daily.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Mayor Gover seconded by Commissioner Hall moved to adopt Special Ordinance 2011-1459, granting a setback variance to allow a new building addition for 920 Charleston Avenue. Petitioner - Melani Samora – Casey's General Store.

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**CITY OF MATTOON, ILLINOIS**  
**SPECIAL ORDINANCE NO. 2011-1459**

**AN ORDINANCE GRANTING A VARIANCE FROM THE REAR YARD SET BACK REQUIREMENT AT 920 CHARLESTON AVENUE**

**WHEREAS** there has been filed a written Petition by Melani Samora, Agent for Casey's Retail Company, for a variance, respecting the property legally described as:

Lots seven (7) and eight (8) in Block 133 of the Original Town, now City of Mattoon, Coles County, Illinois; also known as 920 Charleston Avenue, Mattoon, Illinois.

**WHEREAS**, said petition requests that a variance be granted pursuant to applicable ordinances of the municipality to allow the construction of an addition to the existing building that encroaches into the rear yard setback on the north side of the property located at 920 Charleston Ave., and which will reduce the rear yard setback from the required 12.5 feet to 2.5 feet from the platted alley way along the north side of the property; and

**WHEREAS** the Planning Commission for the City of Mattoon held a properly noticed, public hearing on September 27, 2011 regarding petitioner's request for said variance; and

**WHEREAS** the Planning Commission for the City of Mattoon has recommended that the requested variance be granted; and

**WHEREAS** the City Council for the City of Mattoon, Coles County, Illinois, deems that the recommended variance is in the public interest.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL FOR THE CITY OF MATTOON, COLES COUNTY, ILLINOIS**, as follows:

**Section 1.** Pursuant to enabling authority provided at Section §159.05 of the Mattoon Code of Ordinances, the property legally described as aforesaid, be and the same is granted a variance of the rear yard setback requirement to enable the construction of an addition to the existing building that encroaches into rear yard setback on the north side of the property located at 920 Charleston Ave., and which will reduce the rear yard setback from the required 12.5 feet to 2.5 feet from the alley right of way.

**Section 2.** This ordinance shall be deemed published as of the day of its adoption and approval by the City Council.

**Section 3.** This ordinance shall be effective upon its approval as provided by law.

Upon motion by Mayor Gover, seconded by Commissioner Hall, adopted this 4<sup>th</sup> day of October 2011, by a roll call vote, as follows:

AYES (Names): Commissioner Becker, Commissioner Ervin,  
Commissioner Hall, Commissioner Rankin,  
Mayor Gover.

NAYS (Names): None

ABSENT (Names): None

Approved this 4<sup>th</sup> day of October, 2011

/s/ Tim Gover  
Tim Gover, Mayor  
City of Mattoon, Coles County, Illinois

ATTEST:

APPROVED AS TO FORM:

/s/ Susan J. O'Brien  
Susan J. O'Brien, City Clerk

/s/ J. Preston Owen  
J. Preston Owen, City Attorney

Recorded in the Municipality's Records on October 4, 2011.

Mayor Gover opened the floor for discussion. Mayor Gover asked Coordinator Gill if the setback was approved by the Planning Commission with Coordinator Gill answering affirmatively.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Commissioner Ervin seconded by Commissioner Hall moved to adopt Special Ordinance 2011-1460, approving the rescinding of the Mid-town TIF grant agreement made to Douglas A. and Jeanne A. Vonderheide, due to non-completion of work specified in the grant agreement.

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## **CITY OF MATTOON, ILLINOIS**

### **SPECIAL ORDINANCE NO. 2011 - 1460**

#### **A SPECIAL ORDINANCE RESCINDING THE TIF GRANT MADE TO DOUGLAS A. AND JEANNE A. VONDERHEIDE IN CONNECTION WITH THE MATTOON MID-TOWN REDEVELOPMENT PROJECT AREA**

**WHEREAS**, by Special Ordinance 2008 – 1290, the City of Mattoon approved a Tax Increment Financing (TIF) Grant Agreement with Douglas A. and Jeanne A. Vonderheide (hereinafter collectively “Vonderheide”); and,

**WHEREAS**, said TIF grant agreement required Vonderheide to complete certain repairs and improvements to the properties located at 118 and 120 South 17<sup>th</sup> Street in Mattoon; and,

**WHEREAS**, paragraphs (1.)(A.) and (6.) of the grant agreement contain provisions that state after 30 days notice of default and non-compliance with the terms of the Agreement the City may resend the agreement and cease any further payment of the grant amount; and,

**WHEREAS**, on October 29, 2009 and July 6, 2010 the City of Mattoon notified Vonderheide of their non-compliance with the provisions of the grant. Specifically that they had not completed the work specified in the grant Agreement; and,

**WHEREAS**, Vonderheide have not responded to the repeated requests to complete the outstanding work on the buildings and the City of Mattoon has made no payment under the Grant.

**NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL FOR THE CITY OF MATTOON, COLES COUNTY, A MUNICIPAL CORPORATION**, as follows:

**Section 1.** The facts and statements contained in the preamble to this Ordinance are found to be true and correct and are hereby adopted as part of this Special Ordinance.

**Section 2.** The City of Mattoon hereby rescinds the TIF Grant Agreement entered into on the 19<sup>th</sup> day of August 2008 by and between the City of Mattoon and Douglas A. and Jeanne A. Vonderheide, and declares the same to be null and void under the terms contained in said TIF Agreement.

**Section 3.** This ordinance shall be deemed published as of the day of its adoption and approval by the City Council.

Upon motion by Commissioner Ervin, seconded by Commissioner Hall, adopted this 4th day of October, 2011, by a roll call vote, as follows:

AYES (Names): Commissioner Becker, Commissioner Ervin,  
Commissioner Hall, Commissioner Rankin, Mayor Gover

NAYS (Names): None

ABSENT (Names): None

Approved this 4th day of October, 2011.

/s/ Timothy D. Gover  
Timothy D. Gover, Mayor  
City of Mattoon, Coles County, Illinois

ATTEST:

APPROVED AS TO FORM:

/s/ Susan J. O'Brien  
Susan J. O'Brien, City Clerk

/s/ J. Preston Owen  
J. Preston Owen, City Attorney

Recorded in the Municipality's Records on October 4, 2011.

Mayor Gover opened the floor for discussion with no responders.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Commissioner Ervin seconded by Commissioner Rankin moved to adopt Special Ordinance 2011-1461, authorizing the Mayor to sign an outright grant agreement by and between the City of Mattoon and Shelby County State Bank reimbursing up to \$51,590.00 to be disbursed over 10 years in annual payments of \$5,159.00 from Mid-town TIF Revenues for façade restoration and emergency structural repairs to properties located at 118 and 120 South 17<sup>th</sup> Street.

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## **CITY OF MATTOON, ILLINOIS**

### **SPECIAL ORDINANCE NO. 2011 - 1461**

#### **AN ORDINANCE APPROVING A GRANT AGREEMENT BY AND BETWEEN THE CITY OF MATTOON, ILLINOIS AND SHELBY COUNTY STATE BANK IN CONNECTION WITH THE MATTOON MIDTOWN REDEVELOPMENT PROJECT AREA**

**WHEREAS**, Shelby County State Bank (the "**Grantee**"), has submitted a proposal to the City of Mattoon, Illinois (the "**Municipality**") for redevelopment of a part of the Municipality's Mattoon Midtown Redevelopment Project Area (the "**Redevelopment Project Area**"); and, thereafter, the Municipality and the Grantee have engaged in negotiations related to a Grant Agreement (including all exhibits and attachments in connection therewith, the "**Grant Agreement**") concerning

redevelopment incentives and assistance related to the preservation, development and redevelopment of a part of the Redevelopment Project Area.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MATTOON, COLES COUNTY, ILLINOIS,** as follows:

**Section 1.** The Grant Agreement, in substantially the form thereof presented before the meeting of the City Council at which this ordinance is adopted, shall be and is hereby ratified, confirmed and approved, and the Mayor and City Clerk are authorized to execute and deliver the Grant Agreement for and on behalf of the Municipality; and upon the execution thereof by the Municipality and the Grantee, the appropriate officers, agents, attorneys and employees of the Municipality are authorized to take all supplemental actions, including the execution and delivery of related supplemental opinions, certificates, agreements and instruments not inconsistent with the Grant Agreement, desirable or necessary to implement and otherwise give full effect to the Grant Agreement. Upon full execution thereof, the Grant Agreement shall be attached to this ordinance as EXHIBIT "A".

**Section 2.** This ordinance shall be deemed published as of the day of its adoption and approval by the City Council.

**Section 3.** This ordinance shall be effective upon its approval as provided by law.

Upon motion by Commissioner Ervin, seconded by Commissioner Rankin, adopted this 4th day of October, 2011, by a roll call vote, as follows:

AYES (Names): Commissioner Becker, Commissioner Ervin,  
Commissioner Hall, Commissioner Rankin,  
Mayor Gover

NAYS (Names): None

ABSENT (Names): None

Approved this 4th day of October, 2011.

/s/ Timothy D. Gover  
Timothy D. Gover, Mayor  
City of Mattoon, Coles County, Illinois

ATTEST:

APPROVED AS TO FORM:

/s/ Susan J. O'Brien  
Susan J. O'Brien, City Clerk

/s/ J. Preston Owen  
J. Preston Owen, City Attorney

Recorded in the Municipality's Records on October 4, 2011.

Mayor Gover opened the floor for discussion with no responders.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Mayor Gover seconded by Commissioner Becker moved to adopt Ordinance 2011-5328, amending Chapter 117 of the Municipal Code to increase the number of Taxicab licenses

Mayor Gover opened the floor for discussion. Mr. Larry Ciulla of Budget Taxi addressed the request for an additional license, stating the need for more taxi cab service. Commissioner Rankin requested more information as to regulating taxi cabs with Attorney & Treasurer Owen stating the State allows for municipal regulation. Mr. Doug Koester of Checker Top Cab addressed the Council as to no further need for additional taxi cabs and elaborated on his business. Commissioner Hall addressed whether the City required additional taxis at this time. Mr. Terry Harrington, a Checker Top Cab employee, noted his lack of calls for service. Commissioner Ervin commented if someone was willing to invest the money to start a business, the City shouldn't discourage the business.

Commissioner Rankin seconded by Commissioner Becker moved to amend the motion to eliminate the number of taxicab licenses making the licenses unlimited. Mayor Gover opened the floor for discussion.

A representative of Coles County Shuttle voiced her concern over the necessity of an additional taxi service.

Mayor Gover declared the motion to adopt the amended motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, NAY Commissioner Hall, YEA Commissioner Rankin, NAY Mayor Gover.

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**CITY OF MATTOON, ILLINOIS**

**ORDINANCE NO. 2011-5328**

**AN ORDINANCE AMENDING CHAPTER 117 OF THE MUNICIPAL CODE REGARDING TAXICABS**

**WHEREAS,** Chapter 117 of the Municipal Code of the City of Mattoon, Coles County, Illinois, provides for the licensing of taxicab service within the City limits;

**WHEREAS,** the current ordinance prohibits more than one taxicab service within the city limits;

**WHEREAS,** there has been interest expressed from the general public to operate another taxicab service within the city limits;

**WHEREAS,** the City Council desires to operate under the auspices of free enterprise as much as possible;

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Mattoon as follows:

**Section 1. Recitals.** The facts and statements contained in the preamble to this Ordinance are found to be true and correct and are hereby adopted as part of this Ordinance.

**Section 2. Amendment.** Section 117.02 of Chapter 117 of the Code of Ordinances of the City of Mattoon is hereby repealed. Section 117.02 of Chapter 117 is reenacted as follows:

**§ 117.02 Number of Taxicab Operators Licenses Available.**

The total number of Taxicab Operators Licenses available to be issued within the City of Mattoon shall be ~~two (2)~~ unlimited.

**Section 3. Amendment.** Section 117.04 (A) of Chapter 117 of the Code of Ordinances of the City of Mattoon is hereby repealed. Section 117.04 (A) of Chapter 117 is reenacted as follows:

**§ 117.04 License Fees; Disposition.**

(A) Each operator shall pay an annual operator's license fee as listed in Section § 35.01(G)(26).

**Section 4. Amendment.** Section 117.04(C) of Chapter 117 of the Code of Ordinances of the City of Mattoon is hereby repealed.

**Section 5. Amendment.** Section 35.01(G)(26) is enacted as follows:

**(G)(26) Taxicab Fees.** Each taxicab operator shall pay an annual operator's license fee of \$100. In addition to the operator's license fee, a license fee of \$100 shall be paid for each taxicab operated up to and including the first three, and thereafter a license fee of \$50 for each taxicab over three so operated. Each license shall designate the motor and serial number of each cab.

**Section 6. Severability.** If any provision of this Ordinance, or the application of any provision of this Ordinance, is held unconstitutional or otherwise invalid, such occurrence shall not affect other provisions of this Ordinance, or their application, that can be given effect without the unconstitutional or invalid provision or its application. Each unconstitutional or invalid provision, or application of such provision, is severable.

**Section 6.** This ordinance shall be effective upon its publication in pamphlet form and approval as provided by law.

Upon motion by Mayor Gover, seconded by Commissioner Becker, adopted this 4<sup>th</sup> day of October, 2011, by a roll call vote, as follows:

AYES (Names): Commissioner Becker, Commissioner Ervin,  
Commissioner Rankin, Mayor Gover  
NAYS (Names): Commissioner Hall  
ABSENT (Names): None

Approved this 4th day of October, 2011.

/s/ Timothy D. Gover  
Timothy D. Gover, Mayor  
City of Mattoon, Coles County, Illinois

ATTEST:

APPROVED AS TO FORM:

/s/ Susan J. O'Brien  
Susan J. O'Brien, City Clerk

/s/ J. Preston Owen  
J. Preston Owen, City Attorney

Recorded in the Municipality's Records on October 4th, 2011.

Mayor Gover declared the motion to adopt Ordinance 2011-5328, as amended, carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, NAY Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Commissioner Ervin seconded by Commissioner Becker moved to adopt Ordinance 2011-5329, approving a Redevelopment Agreement between the City of Mattoon and Larson Family Real Estate LLLP; and authorizing certain actions by City Officials.

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## **CITY OF MATTOON, ILLINOIS**

### **ORDINANCE NO. 2011-5329**

#### **AN ORDINANCE APPROVING A REDEVELOPMENT AGREEMENT BETWEEN THE CITY OF MATTOON, ILLINOIS AND LARSON FAMILY REAL ESTATE L.L.L.P. AND AUTHORIZING CERTAIN ACTIONS BY CITY OFFICIALS**

**WHEREAS**, pursuant to the Business District Development and Redevelopment Act, 65 ILCS 5/11-74.3 *et seq.*, as amended (the "Business District Act"), the City Council on December 4, 2007 (1) approved a plan entitled "Business District Plan – Broadway East Business District" (the "Business District Plan"), (2) designated certain real property located in the City as a business district (the "Business District"), which includes land currently under a purchase contract held by Larson Family Real Estate L.L.L.P., and (3) authorized the imposition of certain additional sales taxes within the Business District; and

**WHEREAS**, Larson Family Real Estate L.L.L.P. (the "Developer") submitted a proposal (the "Redevelopment Proposal") for redevelopment of the Redevelopment Area; and

**WHEREAS**, pursuant to the Business District Act the City is authorized to enter into a redevelopment agreement (the "Redevelopment Agreement") with the Developer setting forth the respective rights and obligations of the City and the Developer with regard to the redevelopment of the Redevelopment Area.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MATTOON, ILLINOIS, AS FOLLOWS:**

**Section 1.** The City Council hereby ratifies and confirms its approval of the redevelopment project described in the Redevelopment Proposal (the "Redevelopment Project") and its findings in connection therewith. The City Council finds and determines that it is necessary and desirable to enter into an agreement with the Developer to implement the Redevelopment Project and to enable the Developer to carry out the Redevelopment Proposal.

**Section 2.** The Mayor is hereby authorized and directed to execute, on behalf of the City, and the City Clerk is hereby authorized and directed to attest, and affix the seal of the City to, the Redevelopment Agreement (attached hereto as **Exhibit A**). The Redevelopment Agreement, in substantially the form attached hereto, is hereby approved by the City Council,

with such changes therein as shall be approved by the officers of the City executing the same.

**Section 3.** The officers, agents and employees of the City are hereby authorized and directed to execute all documents and take such necessary steps as they deem necessary and advisable in order to carry out and perform the purpose of this Ordinance.

**Section 4.** The sections of this Ordinance shall be severable. If any section of this Ordinance is found by a court of competent jurisdiction to be invalid, the remaining sections shall remain valid, unless the court finds that: (a) the valid sections are so essential to and inseparably connected with and dependent upon the void section that it cannot be presumed that the City Council has or would have enacted the valid sections without the void ones; and (b) the valid sections, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent.

**Section 5.** This Ordinance shall be in full force and effect from and after the date of its passage and approval as provided by law.

Upon motion by Commissioner Ervin, seconded by Commissioner Becker, adopted this 4th day of October, 2011, by a roll call vote, as follows:

AYES (Names): Commissioner Becker, Commissioner Ervin,  
Commissioner Hall, Commissioner Rankin  
Mayor Gover

NAYS (Names): None

ABSENT (Names): None

Approved this 4<sup>th</sup> day of October, 2011.

/s/ Tim Gover  
Tim Gover, Mayor  
City of Mattoon, Coles County, Illinois

ATTEST:

APPROVED AS TO FORM:

/s/ Susan J. O'Brien  
Susan J. O'Brien, City Clerk

/s/ J. Preston Owen  
J. Preston Owen, City Attorney

Recorded in the Municipality's Records on October 12, 2011.

Mayor Gover opened the floor for discussion. Commissioners Rankin and Becker and Mayor Gover debated an open-ended incentive with no cap. Attorney & Treasurer Owen noted the two limits on the incentive as 1.) term of agreement, and 2.) allowable costs under the business district as a cap.

Commissioner Rankin moved to amend the original motion to include a \$650,000 cap on the incentive. The motion died for lack of a second.

Mayor Gover declared the original motion to adopt Ordinance 2011-5329 carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Commissioner Hall seconded by Commissioner Becker moved to adopt Special Ordinance 2011-1462, approving a three-year contract renewal of the collective bargaining agreement with the Mattoon Firefighters Association, Local 691, IAFF, AFL-CIO.



**AN ORDINANCE APPROVING A THREE YEAR CONTRACT RENEWAL OF THE COLLECTIVE  
BARGAINING AGREEMENT WITH THE MATTOON FIREFIGHTERS ASSOCIATION, LOCAL 691, IAFF, AFL-  
CIO**

**BE IT ORDAINED BY THE CITY COUNCIL FOR THE CITY OF MATTOON, COLES COUNTY, ILLINOIS**, as follows:

**Section 1.** The Council hereby approves a three year contract renewal to the “Collective Bargaining Agreement” dated October 4, 2011 with the Mattoon Firefighters Association, Local 691, IAFF, AFL-CIO, a copy of which is attached and incorporated by reference.

**Section 2.** This ordinance shall be deemed published as of the day of its adoption and approval by the City Council.

**Section 3.** This ordinance shall be effective upon its approval as provided by law.

Upon motion by Commissioner Hall, seconded by Commissioner Becker, adopted this 4<sup>th</sup> day of October, 2011, by a roll call vote, as follows:

AYES (Names): Commissioner Becker, Commissioner Ervin,  
Commissioner Hall, Commissioner Rankin,  
Mayor Gover

NAYS (Names): None

ABSENT (Names): None

APPROVED this 4<sup>th</sup> day of October, 2011.

/s/ Tim Gover  
Tim Gover, Mayor  
City of Mattoon, Coles County, Illinois

ATTEST:

APPROVED AS TO FORM:

/s/ Susan J. O'Brien  
Susan J. O'Brien, City Clerk

/s/ J. Preston Owen  
J. Preston Owen, City Attorney

Recorded in the Municipality's Records on October 4, 2011.

Mayor Gover opened the floor for discussion with no responders.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

Mayor Gover seconded by Commissioner Rankin moved to approve Council Decision Request 2011-1266, awarding the Police Evidence Storage Building Bid including commercial openers in the amount of \$122,425.00 to Graber Buildings in Sullivan.

Mayor Gover opened the floor for discussion with no responders.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

**DEPARTMENT REPORTS:**

CITY ADMINISTRATOR – noted concentration on the comprehensive plan, impact on CPAC, strategic planning prep, personnel code, liquor code, Business Expo on Thursday, and opened the floor for questions. Commissioner Becker and Administrator McLaughlin discussed inviting Houseal Lavigne to the Strategic Planning Session, determining to send the results of the meeting to the consultants. Mayor Gover opened the floor for additional questions with no responders.

ATTORNEY & TREASURER – noted work on finishing the audit, TIF Reports, and bond refunding preparations. Mayor Gover opened the floor for questions with Commissioner Hall inquiring whether the bond rating was expected to change. Attorney & Treasurer Owen stated negatively.

CITY CLERK – noted work on various reports, health and life insurance, successor FSA preparation, and reviewed payroll updates; otherwise, business as usual. Mayor Gover opened the floor for questions with no responders.

PUBLIC WORKS – noted nothing significant for this meeting. Mayor Gover opened the floor for questions with no responders.

COMMUNITY DEVELOPMENT – noted four commercial plan reviews with two remodel residential plans and involvement with nuisance court. Mayor Gover announced their attendance at the Economic Development Meeting in Effingham, and opened the floor for questions with no responders.

FIRE – Commissioner Hall reported for the absent Chief Nichols stating the Fire Department was involved with training, walkthroughs, career day, tours, new hire testing, and an open house scheduled for October 15<sup>th</sup> from 10 a.m. to 2 p.m.

POLICE – Deputy Chief Taylor reported on the evidence storage building progress stating revenues for the project were not from tax payers, but from Ameren's payment to relocate their former storage building; two light-duty officers and another officer to be off-duty for medical reasons; and records management system providing data on calls. Mayor Gover opened the floor for questions and noted the current rent for storage at \$12,000 per year.

#### **COMMENTS BY THE COUNCIL**

Commissioners Becker, Ervin, and Hall had no further comments.

Commissioner Rankin noted attendance at the mural dedication with the Mayor and appreciation of the murals.

Mayor Gover noted the enthusiasm around the mural dedication.

Commissioner Hall seconded by Commissioner Rankin moved to adjourn at 8:25 p.m.

Mayor Gover declared the motion carried by the following vote: YEA Commissioner Becker, YEA Commissioner Ervin, YEA Commissioner Hall, YEA Commissioner Rankin, YEA Mayor Gover.

/s/ Susan J. O'Brien  
City Clerk